EXERCISES IN BOOK-KEEPING

G. V. GORDON

George F. West.

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By
G. V. GORDON, M.A. (Cantab.)

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PREFACE

The scheme of this series of exercises in Book-keeping study may be outlined as follows :—

Section 1. Exercises developing the meaning and significance of the symbols " Dr." and " Cr." placed at the head of all accounts, establishing a connection between

" Debtor " and " Value To."
" Creditor " and " Value From."

Section 2. Exercises developing the general process of the practice of Book-keeping, namely:

(*a*) The Prime Entry of a transaction in a journal or notebook.

(*b*) The Posting of the Items of Accounts in a ledger.

Section 3. Exercises in the keeping of a set of books—the set being as extensive as classroom practice will allow.

Section 4. Exercises dealing with Final Accounts.

Section 5. Exercises dealing with special points.

Each phase of the work has been provided with a number of exercises graded in difficulty. The teacher will be able to select those examples most suitable to the class under instruction.

The Trial Balance, as a means of checking the posting of the accounts, is introduced at the earliest possible moment when the accounts are few in number and the agreement fairly obvious.

Arithmetical difficulties have been reduced to a minimum in the opening stages of each section ; the later exercises contain more involved figuring. These later exercises may be used as a revision course when the book-keeping principles

have been mastered. The length of the exercises has been carefully considered in relation to the length of the usual lesson period of one hour.

Following most of the exercises, especially in the earlier stages, are questions which may be answered orally or to which short written replies may be given. These questions are designed to draw attention to ideas contained in the preceding exercise.

This series has been compiled independently of any particular text-book. If the teacher can supply the descriptions of commercial practice which are necessary, the book may be used alone. Otherwise, any standard work on Elementary Book-keeping may be used in conjunction with the exercises.

Past examination papers have been included by the courtesy of the following authorities:

London Chamber of Commerce (L.Ch.C.).

Royal Society of Arts (R.S.A.).

County Council of the West Riding of Yorkshire (C.C.W.R.).

Union of Lancashire and Cheshire Institutes (U.L. & C.I.).

Faculty of Teachers in Commerce (F.T.C.).

G. V. G.

London.

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SECTION I

EXERCISES IN REAL PERSONAL ACCOUNTS

EXERCISE 1

Copy the following into the ledger exercise book.

Ledger of J. Barber & Son.

W. Whitely a/c (page 18)

Dr 19–			f	£	s.	d.	19–		f	£	s.	d.	Cr
May	1	To Balance b/d	✓	64	10	–	May	2	By Cash & Disc: a/cs	CB1	75	–	–
"	14	" Sales a/c	SB8	78	5	–	"	25	" Returns In a/c	RB6	4	8	–
"	23	" Sales a/c	SB8	163	17	6	"	30	" Cash & Disc. a/cs	CB1	64	10	–
							"	31	" Balance c/d	✓	162	14	6
			£	306	12	6				£	306	12	6
July	1	To Balance b/d	✓	162	14	6							

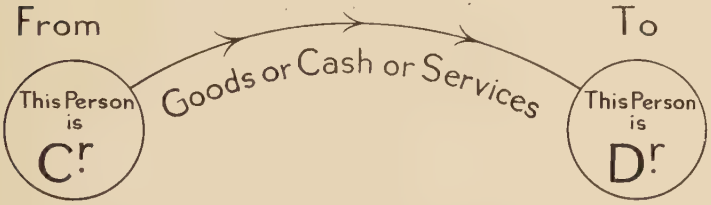
G. Walker a/c (page 19)

Dr 19–			f	£	s	d	19–		f	£	s	d	Cr
May	2	To Cash & Disc. a/cs	CB1	27	15	8	May	1	By Balance b/d	✓	87	14	3
"	9	" Returns Out a/c	RB6	8	3	6	"	7	" Purchases a/c	PB7	124	8	6
"	30	" Cash & Disc. a/cs	CB1	87	14	3	"	19	" "	PB7	86	5	4
"	31	" Balance c/d	✓	174	14	8							
			£	298	8	1				£	298	8	1
							July	1	By Balance b/d	✓	174	14	8

N.B.—Note carefully the position of the unit figures in the "£" and "s" columns

EXERCISE 2

Copy the following diagram illustrating a transaction and its effects, such as a book-keeper must see it.



Real Transactions are movements of real things such as Cash or Goods.

Nominal Transactions are movements of abstract things such as Wages or Rent.

Question :—

Write a description of a Transaction in which you have played a part. Be careful to explain why you were the Dr. or Cr. as the case may be.

EXERCISE 3

B. Oldham

In the Ledger of B. Oldham write the Account of his dealings with A. Sharp.

			£
Oct.	1.	Balance owing by Sharp	40
	2.	Sold Goods to Sharp	30
	3.	Sharp returned faulty Goods and was sent a Credit Note	5
	10.	Sharp paid Cash on Account . . .	50

			£
Oct.	14.	Sent invoice with goods to Sharp . .	76
	15.	Sent Sharp a Credit Note for . . .	15
	20.	Sharp paid Cash on Account . . .	50

Write also the Account of J. Lister.

			£
Aug.	1.	Balance owing to Lister	36
	4.	Bought goods from Lister . . .	38
	6.	Received a Credit Note for faulty Goods returned to Lister	4
	7.	Paid Cash on Account to Lister . .	45
	10.	Bought Goods from Lister . . .	56
	12.	Received a C/N from Lister . . .	8
	15.	Paid Cash on Account to Lister . .	50
	16.	Received Invoice with Goods from Lister for Goods worth	60

Questions :—

(*a*) What causes A. Sharp to become a Debtor ?
(*b*) What causes A. Sharp to become a Creditor ?
(*c*) Draw out an Invoice of Goods sent to A. Sharp.
(*d*) What is the meaning of " on Account " ?
(*e*) What is the difference between Returns *In* and Returns *Out* ?
(*f*) In what book is the Account of A. Sharp written ? What does the Account show ?

EXERCISE 4

J. Orr

In the Ledger of J. Orr write the real personal Accounts connected with the following transactions.

			£
Mar.	1.	Balance owing by R. Gill . . .	50
	2.	Sold Goods to R. Gill	40
	8.	Bought Goods from W. Ford . . .	80
	10.	Returned faulty Goods to W. Ford . .	15

			£
Mar.	11.	Sold Goods to W. Fox	70
	11.	Paid Cash on Account to W. Ford	50
	12.	Received Cash on Account from W. Fox	40
	14.	Sent Invoice with Goods to R. Gill	80
	15.	Goods returned by R. Gill. Sent him a Credit Note for	10
	16.	Received Cash on Account from R. Gill	100
	18.	Received Invoice from W. Ford, with Goods worth	73
		Packing charges, &c.	2
	19.	Sent Invoice to W. Fox:	
		Goods 64	
		Packing 1	
		—	65
	20.	Sent a Credit Note to W. Fox.	5
	25.	Bought Goods from W. Ford	90
	27.	Sold Goods to R. Gill	85
	27.	Received a Credit Note from W. Ford	25
	29.	Sent a Credit Note to R. Gill	20
	30.	R. Gill and W. Fox paid Cash to settle their Accounts	
	31.	Sent Cash to W. Ford to settle his Account	

Questions :—

(*a*) Draw out the Credit Note (C/N) sent on March 20th.
(*b*) What is the meaning of " to settle the Account " ?

EXERCISE 5

A. Muir

In the Ledger of A. Muir, Glasgow, write the real personal Accounts of these transactions.

			£
Aug.	1.	Balance owing to R. Jones, London	30
		Balance owing by C. Hall, Aberdeen	15
		Balance owing by W. Carr, Dundee	10

			£
Aug.	3.	Sold Goods to C. Hall	15
		Sold Goods to W. Carr.	20
	4.	Bought Goods from R. Jones	8
	20.	Sold Goods to C. Hall	25
	22.	Sold Goods to W. Carr	18
	23.	Goods returned by C. Hall	5
	28.	Bought Goods from R. Jones	20
	29.	Returned Goods to R. Jones	4
	30.	Received Cash from C. Hall	15
		Received Cash from W. Carr	10
		Paid Cash to R. Jones	30

Balance the Accounts on this day and continue with these transactions.

			£
Sept.	3.	Sold Goods to C. Hall	20
	5.	Sent Invoice with Goods to W. Carr	12
	10.	Received Invoice with Goods from R. Jones	24
	17.	Sent Invoice with Goods to W. Carr	16
	18.	W. Carr returned faulty Goods	4
	20.	Sent Invoice to C. Hall	28
	21.	Allowed him for damaged Goods	3
	25.	Bought Goods from R. Jones	15
	26.	He allowed for faulty Goods	2
	30.	Received Cash from C. Hall	40
		Received Cash from W. Carr	38
		Paid Cash to R. Jones.	24

Balance Accounts on this day.

Questions :—

(*a*) On August 1st £30 was written in the Account of R. Jones. What does this indicate ?

(*b*) What is the most important part of the writing done on August 3rd in C. Hall's Account.

(*c*) Why are " Dr." and " Cr." written at the head of an Account ?

EXERCISE 6

E. Robarts

Write the Accounts of the transactions of E. Robarts with W. Anson, D. Partner and A. Racket.

19—			£
Mar.	1.	Balance owing by W. Anson	29
		Balance owing to D. Partner	46
		Balance owing by A. Racket	28
	3.	Sold Goods to W. Anson	16
		Sold Goods to A. Racket	34
	10.	Bought Goods from D. Partner	73
	12.	Returned faulty Goods to Partner	5
	18.	Sent Goods to W. Anson	26
	20.	Sent Anson Credit Note for overcharge	7
	28.	Bought from D. Partner, Goods	37
	31.	Anson and Racket paid Balance owing on the 1st, in Cash	

Balance the Accounts on this day and continue.

			£
April	1.	Sold Goods to Anson	26
	3.	Sent him a Credit Note for	3
	10.	Sold Goods to A. Racket	39
	12.	Bought Goods from D. Partner	42
	14.	Received Credit Note from Partner	9
	18.	Sold Goods to A. Racket	54
	20.	Sent him a Credit Note for overcharge	6
	25.	Bought Goods from Partner	19
	26.	Sold Goods to Anson	18
	30.	Anson and Racket paid their March Account in Cash	
		Sent Cash to D. Partner on Account	150

Questions :—

(*a*) Why is the overcharge to W. Anson regarded as a Returns *In*.

(*b*) Show the Statement of Account which would be received from D. Partner on April 1st.

EXERCISE 7

A. Shaw

In the Ledger of A. Shaw write the Accounts of his dealings with J. Morton, M. Slater and H. Storey.

			£
April	1.	Balance owing by Morton	35
		Balance owing to Slater	140
		Balance owing to Storey	57
	9.	Sold Goods to Morton	15
	10.	Bought Goods from Slater	30
	12.	Bought Goods from Storey	45
	20.	Sold Goods to Morton	28
	21.	Bought Goods from Storey	85
	23.	Sent a Credit Note to Morton	6
	24.	Received C/N from Storey	8
	30.	Paid in Cash, March Accounts of Slater and Storey. Received in Cash the March Account of Morton.	

Balance the Account on this day, and continue for May.

			£
May	4.	Sold Goods to Morton	69
	6.	Sent Credit Note to Morton	5
	12.	Received Goods from Slater	35
	14.	Received Credit Note from Slater	3
	19.	Received Goods from Storey	88
	21.	He allowed for faulty Goods	5
	30.	Paid in Cash the April Accounts of Slater and Storey. Received in Cash the April Account of Morton.	

Balance the Account as on this day.

Questions :—

(*a*) Write an Account showing the Purchases of A. Shaw during April and May.

(*b*) Write an Account showing the Sales of A. Shaw during April and May.
(*c*) Write the Statement of Account sent to Morton on May 31st.

EXERCISE 8

Wm. Peters

In the Ledger of Wm. Peters write the personal Accounts of these transactions.

			£
Feb.	1.	Balance owing to G. Roberts, London	40
		Balance owing by A. Bell, Leeds	35
		Balance owing by R. More, Hull	56
	2.	Sent Invoice with Goods to Bell	26
	3.	Sold Goods to R. More	29
	8.	Bought Goods from G. Roberts.	32
	9.	Returned to G. Roberts, Goods	2
	15.	Sold Goods to R. More	16
	17.	More returned Goods	3
	24.	Sold Goods to A. Bell	22
	25.	Allowed him for Overcharge	2
	28.	Received Cash from A. Bell	35
		Received Cash from R. More	56
		Paid G. Roberts Cash	40

Balance the personal Accounts on this day, and continue with these transactions.

			£
Mar.	2.	Sold Goods to A. Bell	15
	4.	Sold Goods to R. More	28
	5.	Allowed R. More for returned Goods.	2
	8.	Bought Goods from G. Roberts.	27
	16.	Sent Invoice with Goods to A. Bell	16
	18.	A. Bell was allowed for returned Goods	3
	21.	Sold Goods to R. More	35
	23.	Allowed R. More's claim on Goods	4

			£
Mar.	27.	Bought Goods from G. Roberts. . .	46
	29.	Was allowed for faulty Goods by Roberts.	7
	31.	A. Bell & R. More paid their February Account in Cash	
		G. Roberts was paid his February Account in Cash	

Questions :—

(*a*) Explain why the overcharge to A. Bell is placed on the Credit side of his Account and "By Returns *In* Account" written in the Particulars column.

(*b*) Write the account of the "Returns *In* and Allowances" for the months of February and March.

(*c*) Write the Account of the "Returns *Out* and Allowances" for the months of February and March.

EXERCISE 9

B. Barber

In the Ledger of B. Barber, write the personal Accounts of L. Bates, H. Booth and T. Flint.

			£
May	1.	Balance owing by L. Bates . . .	64
		Balance owing by T. Flint . . .	93
		Balance owing to H. Booth . . .	78
	8.	Sold Goods to L. Bates	26
	9.	Bought Goods from H. Booth . . .	39
	14.	Sold Goods to T. Flint	64
	15.	T. Flint allowed for faulty Goods . .	7
	19.	Bought Goods from H. Booth . . .	75
	21.	Returned Goods to H. Booth . . .	9
	25.	Sold Goods to L. Bates	39
	26.	Sent a Credit Note to Bates—overcharge .	8
	27.	Bought Goods from H. Booth . . .	87
	30.	Bates and Flint paid their April Accounts in Cash	
		Sent Cash on Account to H. Booth . .	200

Balance the Accounts on this day and continue.

			£
June	1.	Returned Goods to H. Booth . . .	14
	7.	Sent Invoice with Goods to L. Bates .	48
		Sent Invoice with Goods to T. Flint . .	63
	9.	Received faulty Goods from L. Bates .	7
	10.	Sent Credit Note to T. Flint, allowance on Goods	12
	12.	Bought Goods from H. Booth . . .	54
	20.	Sold Goods to L. Bates	43
	24.	Sold Goods to T. Flint	37
	30.	Paid in Cash the May Account of H. Booth	
		Bates sent Cash on Account . . .	80
		Flint sent Cash on Account . . .	75

Balance on this day.

Questions :—

(*a*) Write the Account of the Sales of B. Barber during the months of May and June.

(*b*) Explain why a selling of Goods by B. Barber causes two entries in the Books of Account.

(*c*) Write the Account of the Purchases of B. Barber during the months of May and June . .

(*d*) Show that a purchase of Goods causes two entries in the Books of Account.

Example of Invoice.

MACVENN & COMPANY, LTD., GLASGOW.

12th January, 1924.

Sold to
MESSRS. WILSON & WESTWARD,
Newcastle-on-Tyne

Your Order No. B 174

	£	s.	d.
29 yards Maclean Scotch Tweed @ 11s. 6d. a yard	16	13	6
30 yards Mill D Saxony @ 12s. 6d. a yard ..	18	15	0
	£35	8	6

Terms : $2\frac{1}{2}\%$ two months.
Per L. & N.E. Rly.
E. & O. E.

Example of Statement.

MIDLAND WORKS,
DUDLEY,
30th November, 19—.

Mr. JOHN RIMAN,
14, Bentley Street, Birmingham.

Dr. to THE MIDLAND IRON & STEEL CO., LTD.

		£	s.	d.	£	s.	d.
Nov. 1.	To Balance of A/c rendered				231	2	10
17.	,, Goods	31	6	8			
	,, Goods	4	15	9			
					36	2	5
					267	5	3
3.	By Cash	200	0	0			
19.	,, Returns	3	6	8			
					203	6	8
	Balance due ..				£63	18	7

SECTION II

EXERCISES ON THE ORIGINAL BOOKS OR THE BOOKS OF PRIME ENTRY

The order in which these are set:

1. Purchases Book
2. Returns *In* and Allowances Book
3. Sales Book
4. Returns *Out* and Allowances Book
5. The Cash Books

These Books show the "Way" of Book-keeping, which is

1st Entry into Prime Entry Book,
2nd Posting Accounts from the Prime Entry Books.

PURCHASES BOOK EXERCISES

EXERCISE 10

Copy the following into your exercise book:

S. JAMES

PURCHASES BOOK (folio 26).

Date. 1928.	Particulars.	*f.*	Details. £ s. d.	Totals. £ s. d.
April 4	*S. Wilson & Son* -			
	3 doz. Fishing Rods @ 8/6 each . .			15 6 0
8	*Smithsons, Ltd.* -			
	4 doz. cases Flies @ 1/6 each . .		3 12 0	
	2 doz. cases Flies @ 1/– each . .		1 4 0	
				4 16 0
10	*Westcote Bros.:*			
	4 doz. Reels @ 9d. each		1 16 0	
	20 gross Hooks @ 12/– a gross . .		12 0 0	
			13 16 0	
	Less Trade Discount 15% . .		2 1 5	
				11 14 7
12	*W. H. Pickford & Co.:*			
	4 doz. Rods @ 6/6 each		15 12 0	
	2 doz Fishing Bags @ 2/6 each . .		3 0 0	
			£18 12 0	
	Less Trade Discount 10% . .		1 17 2	
			£16 14 10	
	Packing Charges .		4 6	
				16 19 4
	Total Credit Purchases			£48 15 11

EXERCISE 11

W. Hawkins

Enter into the Purchases Book of W. Hawkins. Post to Ledger Accounts. Check posting with a Trial Balance.

1927.

Aug. 17. *Bought of Evans & Co. :*
10 Watches @ 4s. 6d. each.
5 Clocks @ 9s. 6d. each.

17. *Invoice received from W. Lord & Sons :*
2 doz. Cigarette Cases @ 2s. 6d. each.
2 doz. Firelighters @ 9d. each.

20. *Evans & Co. sent us :*
18 Watches @ 4s. each.
3 Clocks @ 9s. each.

20. *Bought from W. Lord & Sons :*
2 doz. Cigar Cases @ 3s. each.

20. *Bought of Evans & Co. :*
6 Alarm Clocks @ 7s. 6d. each.
9 Clocks @ 15s. each.

22. *Invoice received from R. Benn & Sons :*
6 doz. Firelighters @ 9d. each.
5 doz. Holders @ 1s. each.
2 doz. Cases @ 1s. 6d. each.
Less 5% Trade Discount on whole Invoice.

22. *Invoice received from W. Lord & Son :*
5 doz. Holders @ 1s. each.
6 doz. Match Boxes @ 1s. 6d. each.

Questions :—

(*a*) Make out the Invoice received from R. Benn & Sons on August 22nd.

(*b*) Why are the entries in the Accounts of the persons placed on the "Cr." side?

(*c*) Why is "Purchases Account" written in the Particulars Column of the Person's Account?

(*d*) Why is "By Sundry Persons Accounts" written in the Particulars column of the Purchases Account?

(*e*) How many entries are "saved" by writing only the total figure of the Purchase Book in the Purchases Account?

EXERCISE 12

G. Havers

Enter into Purchases Book. Post to Accounts in Ledger. Check postings with a Trial Balance.

1927.

April 9. *Bought of Wearman Bros.:*
2 doz. Coats @ 30s. each.

10. *Bought of Rice Bros.:*
1 doz. Shirts @ 4s. 6d. each.
2 doz. Coats @ 25s. each.

11. *Bought of Wearman Bros.:*
5 doz. Coats @ 20s. each.
2 doz. Blazers @ 10s. each.

12. *Received Invoice from Pannell Bros.*
9 Coats @ 35s. each.
6 Blazers @ 15s. each.
Less 5% Trade Discount on whole invoice.

13. *Bought of Wearman Bros.:*
2 doz. Coats @ 20s. each.
2 doz. Coats @ 25s. each.

16. *Invoice received from Pannell Bros.*
3 doz. Blazers @ 8s. each.
Less 5% Trade Discount.

17. *Bought of Rice Bros.:*
5 Coats @ 34s. each.
2 Coats @ 25s. each.
Less 5% Trade Discount on whole invoice.

Questions:—

(*a*) Write out the Invoice received from Pannell Bros. on April 12th.

(*b*) What two facts regarding each Account does a Trial Balance Show?

(*c*) Explain the general method of Book-keeping, using the above exercise as example.

EXERCISE 13

A. Lee & Co.

Enter the following transactions in the Purchases Book of A. Lee & Co. Post to Ledger Accounts. Check posting with a Trial Balance.

1927.

Nov. 2. *Bought of G. Edgar & Co., Aberdeen :*
24 pairs Shoes @ 7s. 6d. a pair.
50 pairs Boots @ 10s. a pair.

3. *Bought of D. Emslie, Nottingham :*
36 pairs Boots @ 11s. 6d. a pair.
20 pairs Boots @ 4s. 6d. a pair.

5. *Bought of G. Edgar & Co., Aberdeen :*
12 pairs Shoes @ 7s. 6d. a pair.
60 pairs Shoes @ 5s. 6d. a pair.

7. *Bought of D. Emslie, Nottingham :*
18 pairs shoes @ 2s. 6d. a pair.
20 pairs Shoes @ 3s. 4d. a pair.

9. *Bought of Sellis & Co., Northampton :*
12 pairs Boots @ 8s. 6d. a pair.

12. *Received Invoice from Sellis & Co. :*
15 pairs Boots @ 9s. 6d. a pair.
24 pairs Shoes @ 3s. 6d. a pair.

14. *Received Invoice from G. Edgar & Co. :*
48 pairs Shoes @ 8s. 6d. a pair.
60 pairs Shoes @ 8s. 3d. a pair.

Questions :—

(*a*) What is the use of the Folio Column in the Purchases Book ?

(*b*) What is the difference between a Purchases Book and a Ledger ?

EXERCISE 14

R. Pilling

Enter the following transactions into the Purchases Book of R. Pilling. Post to Ledger Accounts. Check posting with a Trial Balance.

1927.

Oct. 1. *Bought of Golder & Co., Glasgow :*
224 lbs. Paint @ 28s. per cwt.
168 lbs. White Lead @ 20s. per cwt.
15 casks of Oil @ 25s. 6d. per cask.

4. *Bought of E. Wells, Birmingham :*
12 gross Screws @ 1s. 9d. per gross.
Less 25% Trade Discount.
144 dozen Bolts @ 48s. per gross.

6. *Bought of Golder & Co., Glasgow :*
18 casks of Oil @ 12s. 6d. per cask.

8. *Invoice received from W. Watt, Liverpool :*
12 gross Gas Mantles @ 2s. 6d. per doz.
6 gross Glass Globes @ 3s. per doz.
Less 10% Trade Discount on whole Invoice.

10. *E. Wells, Birmingham, sent us :*
20 lbs. Nails @ 3d. a lb.
3 doz. Hinges @ 4½d. each.

12. *Bought of Golder & Co., Glasgow :*
2 cwt. Paint @ 29s. per cwt.
150 lbs. White Lead @ 2d. per lb..
Charges for Drums 15s.
10% Trade Discount allowed on whole Invoice.

14. *W. Watt, Liverpool, sent Invoice :*
10 gross Gas Mantles @ 2s. 6d. per doz.
6 gross Glass Globes @ 3s. per doz.
Allowed 10% Trade Discount on whole Invoice.

Questions :

(*a*) Of what use is the Details Column in a Purchases Book ?

(*b*) Divide the Purchases of goods by a trader into two classes. Which class of purchase of goods is entered in the Purchases Book ?

EXERCISE 15

F. Crowther & Co.

Purchases Book

Describe the transactions which caused the following entries in the Purchases Book of F. Crowther & Co., Birmingham.

1927.		*Bought Book*	£	s.	d.	£	s.	d.
Aug.	1.	*Bedford & Burns, Ltd., Sheffield :*						
		24 doz. Knives @ 2s. 6d. each	36	0	0			
		12 doz. pairs Scissors @ 15s. per doz. pairs . .	9	0	0			
						45	0	0
Aug.	2.	*Norman York, Ltd., Coventry :*						
		6 doz. Knives @ 30s. per doz.	9	0	0			
		2 doz. Forks @ 25s. per doz.	3	15	0			
			12	15	0			
		Less 10% Trade Discount	1	5	6			
			11	9	6			
		Packing Charges . .		5	0			
						11	14	6
Aug.	3.	*Marstone & Younger, Birmingham :*						
		18 Plated Salts @ 1s. 3d. each	1	2	6			
		12 Plated Cruets @ 2s. 9d. each	1	13	0			
			2	15	6			
		Less 5% Trade Discount .	0	2	9			
						2	12	9
		Carried forward .				£59	7	3

PURCHASES RETURNS EXERCISES

EXERCISE 16

MADAME MANSFIELD

Enter in the Returns and Allowances Book of Madame Mansfield the following transactions. Post to the Ledger and check with a Trial Balance.

1927.
June 4. *Returned to Hall & Higgins :*
60 yards @ 2s. 11d. per yard—Soiled.
8. *Returned to Peters & Myers :*
3 Sprays @ 4s. each—Wrong colour.
9. *Hall & Higgins allowed :*
1d. per yard on 6 dozen yards of serge.
10. *Received Credit Note from Peters & Myers :*
For overcharge $\frac{1}{8}$ short length 3 yards at 4s. 9d. per yard
12. *A Stanley allowed :*
For damaged Cloth 8s. 6d.
14. *Hall & Higgins sent a Credit Note for -*
6 Hats @ 4s. 6d. each.
12 yards Silk @ 5s. 3d. per yard.

Questions :—

(*a*) Write the Credit Note received from Peters & Myers on June 10th.
(*b*) Why is a debit entry written in the Account of Peters & Myers on June 10th ?
(*c*) Why is " By Sundry Persons " written in the Credit Particulars Column of Returns *Out* and Allowances Account.

EXERCISE 17

PRITCHARD & CO.

Enter the following in the Returns *Out* and Allowances

Book of Pritchard & Co. Post to Ledger Accounts. Check posting with Trial Balance.

1927.
Aug. 2. *Received a Credit Note from A. Johnson & Co. :*
2 bags Coffee @ £1 1s. a bag.
6. *Returned to Rogers & Son :*
1 chest of Tea @ £3 5s.
12. *Sent a Debit Note to A. Johnson & Co. :*
1 bag of Coffee @ 25s.
14. *Returned to Rogers & Son :*
1 chest of Tea @ £3 5s.
21. *Received a Credit Note from Rogers & Son :*
2 chests of Tea @ £3 each.
23. *Was allowed by A. Johnson :*
For short weight of Coffee £1 15s.

Questions :—

(*a*) Why is a " Returns *Out* and Allowances " Book kept ?
(*b*) What documents are used for claiming an allowance and for granting a claim ?
(*c*) Explain why an allowance for " Short Weight " is the same as a Return *Out*.

SALES BOOK EXERCISES

EXERCISE 18

BURROUGHS & CO.

Enter the following transactions into the Sales Book of Burroughs & Co. Post to Ledger Accounts. Check postings with a Trial Balance.

1927.
April 18. *Sold to O. Littlebury :*
10 barrels of Flour @ 24s. each.

April 19. *Sold to C. Bromwich :*
7 bags of Flour @ 1s. per bag.
20 bags of Lentils @ 1s. per bag.
20. *Sold to M. Darton :*
100 bags of Flour @ 1s. per bag.
50 bags of Flour @ 1s. per bag.
100 bags of Wholemeal @ 1s. 2d. per bag.
21. *Sold to O. Littlebury :*
50 barrels of Flour @ 25s. each.
Sold to C. Bromwich :
18 bags of Flour @ 1s. per bag.
2 doz. bags of Lentils @ 1s. per bag.
Invoiced to M. Darton :
50 bags of Lentils @ 1s. 3d. per bag.
80 bags of Flour @ 1s. 2d. per bag.
22. *Sent Invoice to C. Bromwich :*
50 bags of Flour @ 1s. 1d. per bag.
30 bags of Lentils @ 1s. 1d. per bag.
Sold to O. Littlebury :
15 barrels of Flour @ 24s. each.

Questions :

(*a*) Why are the entries made on the Dr. side of the Personal Accounts in the above exercise.
(*b*) Who is the Creditor for the sale made on April 18th. ?
(*c*) Why is the total of the Sales Book placed on the Cr. side of the Sales Account ?
(*d*) What is the meaning of " Dr." and " Cr." at the head of Sales Account ?
(*e*) Describe a system which will enable the posting of the Sales to be done, while further Sales are being noted.

EXERCISE 19

Green & Stead

Enter into Sales Book. Post to Ledger Accounts. Check posting with Trial Balance.

1926.

Feb. 7. *Sold to S. Boorman & Co. :*
2 doz. Table Knives @ 25s. per doz.

7. *Sold to A. Barrow & Sons :*
12 Gold Bracelets @ 26s. each.

8. *Sold to J. Steward & Co. :*
3 Clocks @ 80s. each.

8. *Invoiced to S. Boorman & Co. :*
6 sets Carvers @ 8s. 6d. per set.
3 doz. Knives @ 28s. 6d. per doz.

9. *Sold to A. Barrow & Sons :*
2 doz. Gold Clasps @ 4s. 6d. each.
2 doz. Gold Bracelets @ 24s. 6d. each.

11. *Invoiced to J. Steward & Co. :*
1 doz. Watches @ 5s. 6d. each.
9 Alarm Clocks @ 15s. each.

14. *Sold to A. Barrow & Sons :*
6 Gold Tie Pins @ 18s. 6d. each.
2 doz. brooches @ 4s. 6d. each.

16. *Invoiced to S. Boorman & Co. :*
10 doz. Dessert Knives @ 50s. per doz.
3 doz. Table Knives @ 25s. per doz.
Less 5% Trade Discount on whole Invoice.

17. *Sent to J. Steward & Co. :*
10 Watches @ 36s. each.
20 Alarm Clocks @ 3s. 9d. each.
Less 5% Trade Discount on whole Invoice.

Questions :—

(*a*) What various kinds of sale may be made by Green & Stead ?

(*b*) What kind of sale is noted in the Sales Book ?

(*c*) What is the real selling price of the goods sent to Boorman & Co. on the 16th Feb. ?

(*d*) Write the Invoice received from J. Steward & Co. on Feb. 17th.

EXERCISE 20

Henry Harcourt

Enter the following transactions in the Sales Book of Henry Harcourt. Post to Ledger Accounts. Check postings with Trial Balance.

1927.

Mar. 8. *Invoiced to J. & T. Hagger, Melbourne :*
¼ doz. Covered Pails @ 2s. 2d. each.
½ doz. Birds' Cages @ 2s. 3d. each.
½ gross Tea Spoons @ 15s. per gross.
Less 20% Trade Discount on whole Invoice.

10. *Sold to T. Wilkins, Bromsgrove :*
6 Bedsteads @ 45s. each.
9 Bedsteads @ 44s. each.
Less 15% Trade Discount on whole Invoice.
Carriage Charges 15s.

12. *Sold to J. & T. Hagger, Melbourne :*
3 French Bedsteads @ 72s. 6d. each.
1 Iron and Brass @ 105s.
Trade Discount 20%.
Packing Charges 18s.

14. *Invoiced to T. Wilkins, Bromsgrove :*
4 French Bedsteads @ 75s.
2 Iron and Brass @ 100s.
Less Trade Discount 15% on whole Invoice.
Packing and Railway Charges 17s. 6d.

Questions :—

(*a*) Explain how a credit sale of goods is entered into the accounts from the actual transaction.

(*b*) When goods were sold to T. Wilkins on March 14th he became a Debtor. Who was his Creditor ?

(*c*) Where is the Credit shown in the books of Henry Harcourt for the transaction on March 8th ?

EXERCISE 21

Croggan & Co.

Describe the transactions which led to the following entries in the Day Book of Croggan & Co., London.

1927.	*DAY BOOK*	£	s.	d.	£	s.	d.	£	s.	d.
Feb. 8.	*Messrs. Lilley & Co., Cambs.:*									
	4 doz. Galvanized Sheets @ £3 18s. per doz. .	15	12	0						
	Less 15% Discount	2	6	9						
					13	5	3			
	100 yards Roofing Felt @ 4d. per yd.	1	13	4						
	Less 10% Discount		3	4						
					1	10	0			
	Packing and Railway Charges					15	0			
								15	10	3
Feb. 8.	*J. & J. Hagger, Cambs.:*									
	1 Coil of Piping				2	0	6			
	12 Galvanized Sheets .	3	18	0						
	Less 20% Discount		15	8						
					3	2	4	5	2	10
Feb. 19.	*Messrs. Collett & Dodds:*									
	2 dozen Garden Shovels @ 1s.3d.	1	10	0						
	3 dozen large Garden Forks @ 1s. 2d. .	2	2	0						
					3	12	0			
	Packing and Carriage .					4	0			
								3	16	0
	Carried forward . .							£24	9	1

SALES RETURNS EXERCISES

EXERCISE 22

Returns In and Allowances

MIDDLESEX IRON CO.

Enter in the Returns In and Allowances Book of the Middlesex Iron Company. Post to Ledger Accounts. Check posting with a Trial Balance.

1927.

July 2. *A. Marsden returned :*
Iron Bars invoiced at £20.

2. *Agreed to Debit Note from Clayland Iron Co. :*
Steel Bars @ £26.

8. *Sent a Credit Note to A. Marsden :*
Iron bars wrong pattern, £30.

16. *Clayland Iron Co. returned :*
Steel bars £40.

20. *Received a Debit Note from A. Marsden and sent them a Credit Note.*
Iron billets, £10.
Angle Irons £15.

27. Clayland Iron Co. claimed for overcharge.
Iron Bolts, £14.
Allowed their claim for £8 only.

Questions :—

(*a*) Explain why the overcharge on July 27th is a Returns In.

(*b*) What use is made of Debit Notes ?

(*c*) Distinguish between a Debit Note and a Credit Note.

EXERCISE 23

Returns In and Allowances.

Merrison & Co.

Make up the Returns *In* and Allowances Book of Messrs. Merrison & Co., Lace and Fancy Goods Merchants.

19—.

May 2. *Messrs. Hope & Co., Bristol, returned :*
3 Lace Scarves Invoiced to them @ 2s. 6d. each.

2. *Received from J. Mear, Lincoln, not as ordered :*
Lace Goods Invoiced to them @ 8s. 6d.

13. *Received a Debit Note from Messrs. Hope & Co. :*
Claiming for 2 Lace Scarves @ 3s. 6d. short on order. Allowed claim.

14. *Received a Debit Note from J. Mear :*
Claiming Overcharge on Invoice, 15s. Allowed Claim.

18. *Sent a Credit Note to Messrs. Hope & Co. :*
For goods returned, £1.

20. *Sent a Credit Note to J. Mear, Lincoln :*
For excess charge on Invoice, 10s.

25. *J. Mear returned :*
3 pieces of Silk Invoiced to them @ 25s. the piece.
Less 10% Trade Discount.

28. *Messrs. Hope & Co. returned :*
6 doz. Handkerchiefs Invoiced to them @ 8s. a dozen.
Less 10% Trade Discount.

Questions :—

(*a*) Distinguish between the List Price of an article and the Selling Price of it.

(*b*) When goods value £1 were returned by Messrs. Hope & Co., their Account was credited. Who was the Debtor for that transaction ?

(*c*) Explain why Dr. and Cr. is written at the head of the "Returns *In* and Allowances" Account.

(*d*) Show how a "Returns *In* and Allowances" Account can be regarded as a Personal Account.

PURCHASES AND SALES BOOKS

EXERCISE 24

T. Rose & Co.

Enter the following purchases and sales of T. Rose & Co. into the proper books. Post to Ledger Accounts. Check Postings with a Trial Balance.

1927.			£
Mar.	1.	Bought of Key & Lock—Iron	90
	3.	Sold to Bolt & Co.—Iron	40
	3.	Bought of Smith Bros.—Iron	50
	4.	Bought of Thames & Co.—Iron	80
	5.	Purchased Iron from T. Nedd	35
	5.	Sold Iron to Brooke & Son	75
	6.	Sold Iron to Bolt & Co.	55
	7.	Bought of Key & Lock—Iron	80
	8.	Received Invoice for Iron from Smith Bros.	60
	9.	Sent Invoice for Iron to Brooke & Son	90
	10.	Purchased from Thames & Co.	80
	11.	Sold Iron to Bolt & Co.	65
	12.	Sold Iron to P. Roberts	75

Questions :—

(*a*) Explain the difference between a Purchases Book and a Ledger.
(*b*) Why should Purchases and Sales Books be regarded as "Note Books"?
(*c*) What is the use of writing a Trial Balance?
(*d*) Can a Trial Balance have equal answers to its columns and yet the posting be inaccurate?

EXERCISE 25

C. Clayton

Write the following transactions in the Purchases and

Sales Journals of C. Clayton. Post to Ledger Accounts. Write a Trial Balance to check posting.

19—.

Sept. 1. *Bought from Deep Colliery Co. :*
80 tons Brights @ 15s. a ton.

3. *Sold to Eagle Iron Co. :*
40 tons Brights @ 17s. 6d. a ton.

3. *Sold to R. West :*
10 tons Brights @ 18s. a ton.

5. *Received Invoice from Long Colliery Co. :*
120 tons Hard Coal @ 16s. a ton.

7. *Sold to Eagle Iron Co. :*
40 tons Hard Coal @ 18s. 6d. a ton.

9. *Sold to A. Stoke :*
15 tons Hard Coal @ 19s. a ton.

12. *Received Invoice from Deep Colliery Co. :*
100 tons Brights @ 15s. a ton.

12. *Sold to R. West :*
30 tons Brights @ 18s. a ton.

14. *Sold to A. Stoke :*
20 tons Brights @ 18s. a ton.

15. *Sent Invoice to Eagle Iron Co. :*
40 tons Hard Coal @ 18s. 6d. a ton.

18. *Received from Long Colliery Co. :*
70 tons Hard Coal @ 16s. 6d. a ton.

EXERCISE 26

Chas. Marks

From the following transactions write up the Purchases and Sales Books of Chas. Marks. Post to the Ledger Accounts. Check postings with a Trial Balance.

1927.

Feb. 2. *Sold to D. Roberts :*
3 Motor Cycles @ £75 each, *less* 20% Trade Discount.

4. *Bought Accessories from T. Beck :*
Amounting to £27 4s.

Feb. 6. *Sold to R. Walters :*
6 Cycles @ £10 10s. each, *less* 40% Trade Discount.
7. *Purchased from J. Partington :*
Rims and Spokes, etc., £35 10s.
10. *Sold to D. Roberts :*
3 Cycles @ 12 guineas each, *less* 33⅓% Trade Discount.
12. *Bought from T. Beck :*
4 Motor Engines @ £15 each, *less* 20% Trade Discount.
14. *Sold to R. Walters :*
6 Cycles @ 10 guineas each, *less* 30% Trade Discount.
15. *Purchased from J. Partington :*
Rims and Spokes, £29 15s.
16. *Received Invoice from T. Beck :*
4 Motor Engines @ £13 10s. each. *less* 20% Trade Discount.
Also Sundry Spare Parts for £14 15s.
17. *Sent Invoice to J. Partington :*
Rims and Spokes, £42.

EXERCISE 27

D. E. Dawkins

From the following transactions write up the Purchases and Sales Books of D. E. Dawkins. Post to Ledger Accounts. Check postings with a Trial Balance.

1927.
May 3. *Purchases from J. & A. Cobb, Ltd. :*
25 1 lb. boxes Biscuits @ 2s. per box.
12 2 lb. boxes Biscuits @ 2s. 9d. per box.
4. *Sold to P. Ascall :*
125 ½ lb. slabs Chocolate @ 1s. per slab.
9 1 lb. boxes Turkish Delight @ 2s. a lb.
10 lbs. Fruit Drops @ 1s. a lb.

May 6. *Bought from C. Bury :*
10 doz. 1 lb. boxes Chocolate @ 7d. a lb.
50 lbs. Assorted Chocolate @ 1s. a lb.

8. *Sold to J. & A. Cobb, Ltd.*
10 ½ lb. boxes Turkish Delight @ 2s. a lb.
30 lbs. Assorted Chocolates @ 1s. 6d. a lb.
6 doz. 1 lb. boxes Mixed Chocolates @ 11d. a lb.

9. *Received Invoice from J. & A. Cobb, Ltd. :*
2 doz. 2 lb. boxes Biscuits @ 2s. 9d. a box.
3 doz. boxes Biscuits @ 2s. a box.
Less 5% Trade Discount on whole invoice.

11. *Sent Invoice to P. Ascall :*
150 ½ lb. slabs Chocolate @ 1s. a lb.
2 doz. lbs. Turkish Delight @ 2s. a lb.
20 lbs. Mixed Chocolates @ 1s. a lb.
Less 5% Trade Discount on whole invoice.

12. *Invoice to J. & A. Cobb, Ltd. :*
20 ½ lb. boxes Turkish Delight @ 2s. a lb.
20 lbs. Assorted Chocolates @ 1s. 6d. a lb.
4 doz. 1 lb. boxes Mixed Chocolates @ 11d. a lb.
Less 5% Trade Discount on whole invoice.

13. *Received Invoice from J. & A. Cobb. :*
3 doz. 2 lb. boxes Biscuits @ 2s. 9d. a box.
2 doz. 2 lb. boxes Biscuits @ 2s. a box.

14. *C. Bury sent an Invoice for :*
15 doz. 1 lb. boxes Mixed Chocolates @ 7d. a lb.
25 lbs. Assorted Chocolates @ 1s. a lb.

EXERCISE 28

B. Beswick

Enter into Purchases and Sales Books of B. Beswick. Post to Ledger Accounts. Checking Posting with a Trial Balance.

19—.

Jan. 5. *Purchases on Credit from B. Easter :*
36 Oil Stoves @ 14s. 9d. each.
Packing Charges £1 9s.
The whole Invoice subject to 10% Discount.

5. *Sold on Credit to H. Hulme. :*
2 doz. Garden Spades @ 1s. 6d. each.
3 doz. Rakes @ 1s. 4d. each.
Trade Discount on whole Invoice 10%.

6. *Sold on Credit to G. Ardwick :*
6 doz. yards Iron Wire @ 2d. per yard.
5 doz. Staples @ 2½d. each.
8 gross Screws @ 1s. 6d. per gross.

6. *Received Invoice from B. Easter :*
¼ doz. Camp Stoves @ 8s. 6d. each.
1½ doz. Kettles @ 2s. each.
Less Trade Discount 10% on whole invoice.
Packing charges 17s. 6d.

8. *Sold on Credit to H. Hulme :*
1½ doz. Stoves @ 15s. 6d. each.
Less Trade Discount 5%.
Packing Charges 15s.

10. *Sold on Credit to G. Ardwick :*
1 doz. Spades @ 2s. each.
Less Trade Discount 5%.
Packing charges 6s.

CASH BOOK EXERCISES

EXERCISE 29

R. Hardie

Enter into Cash Book and Post to Ledger Accounts. Extract a Trial Balance to check posting.

1926.		£	s.	d.
June 1.	Cash in hand	5	11	3
	(To Capital Account).			

			£	s.	d.
June	1.	Received from A. Grubbins—Cash .	2	10	3
	1.	Paid Carriage on Goods . . .		5	4
		(By Trade Expenses Account)			
	2.	Paid to Hart & Co.—Cash . .	3	10	0
	2.	Received Postal Order from A. Grubbins	1	1	0
	3.	Paid Wages of Boy		7	6
		(By Trade Expenses Account)			
	4.	Received Cash from Sale of Goods .	2	10	1
	4.	Paid for Hay for Horse . . .		7	6
		(By Trade Expenses Account)			
	4.	A Grubbins & Co. paid Cash . .	2	9	8
	4.	Paid to Hart & Co., Cash . .	3	10	0
	5.	Paid for Repairs to Window . .		5	10
	5.	Bought Goods with Cash . . .	2	10	0
	5.	Railway Fare		5	0

Questions :—

(*a*) What person has charge of the cash of a business ?
(*b*) Who is the Debtor of the transaction when a debit entry is made in the Cash Account ?
(*c*) What does a Cash Account record ?
(*d*) Why are " Dr." and " Cr." written at the head of a Cash Account ? .
(*e*) What name is given to the account of the owner's dealings with his own business ?
(*f*) Why is the owner a Creditor of his own business ?

EXERCISE 30

A. Owner

Enter into Cash Book and use as Notebook to Post Ledger Accounts. Extract Trial Balance to check posting.

1926.			£	s.	d.
Feb.	24.	Cash in hand	50	0	0
	24.	Paid Cash to A. Jones & Co. . .	19	0	0
	25.	Sold Goods for Cash . . .	3	0	0
	26.	Received from F. Wright, Cash .	9	10	0

			£	s.	d.
Feb.	26.	Purchased Goods for Cash	5	0	0
	26.	Paid for Stationery, Cash		10	0
	27.	Received from F. Wright, Cash	4	15	0
	27.	Paid A. Jones & Co., Cash	14	5	0
	28.	Sold Goods for Cash	2	10	0
	28.	Received Cash from F. Wright	9	15	0
	28.	Paid A. Jones & Co., Cash	14	12	6
	28.	Paid Wages in Cash	5	0	0
	28.	Cash paid to Bank	3	0	0
	28.	Cash withdrawn by A. Owner for private purposes (By Capital Account)	5	0	0

Questions :—

(*a*) Who is the Creditor on Feb. 24th, and who is the Debtor ?

(*b*) Who is the Creditor on Feb. 25th, and who is the Debtor ?

(*c*) What is written in the Particulars column (Debit side) of the Cash Account ?

(*d*) What is written in the Particulars column (Credit side) of the Cash Account ?

(*e*) State a rule for the writing of other accounts from a Cash Book.

EXERCISE 31

Enter these transactions into the Cash Book of Geo. Jenkins. Post the Ledger Accounts. All expenses of any kind may be entered in an Account named "Trade Expenses Account."

Balance all Accounts and show a Trial Balance.

1926			£	s.	d.
Jan.	1.	Cash in hand	420	0	0
	2.	Received cash from A. Ayres	104	12	6
	2.	Received Cash from C. Cass	147	17	6
	3.	Paid Cash for Stationery	2	13	4

			£	s.	d.
Jan.	4.	Cash Sales	95	4	6
	5.	Cash Purchases	85	3	4
	8.	Paid Wages in Cash	7	15	6
	9.	Received Cash from C. Cass	25	5	0
	10.	Paid Cash for Painting Premises	10	3	6
	13.	Drew Cash for Self	15	0	0
	15.	C. Cass paid to G. Jenkins, Cash	98	13	4
	17.	D. Dan was paid Cash	107	12	9
	20.	Received Cash from C. Cass	76	1	6
	22.	Paid Cash to D. Dan	20	10	0
	22.	Paid Wages in Cash	7	15	6
	25.	Paid D. Dan Cash	33	18	6
	28.	Sent Cash to D. Dan	58	10	0
	29.	Paid Salaries in Cash	32	17	6

Questions :

(*a*) How is the Balance of the Cash Book checked ?

(*b*) On which side of the Cash Account is the " Balance B/D " always placed ?

(*c*) Who is the Debtor on January 10th. Is this a real or an imaginary person ?

(*d*) Who is the Creditor on Jan. 4th. Is this a real or an imaginary person ?

BANK EXERCISES

EXERCISE 32

Copy the form of Cheque shown below :

1. Explain the following terms :—
   (*a*) drawer ; (*b*) payee ; (*c*) endorsement ; (*d*) counterfoil.
2. Who wrote the above Cheque and what did he do with it ?
3. How might the payee obtain Cash for the above Cheque ?
4. Write a short account of what has happened to the Cheque after the drawer first parts with it.

EXERCISE 33

H. Briggs

Enter the following transactions into the Cash Book of H. Briggs showing Bank columns only. Post to Ledger Accounts. Extract a Trial Balance to check posting.

All Cheques received were paid into Bank the same day.

1927.			£	s.	d.
June	1.	Cash at Bank	94	10	0
	2.	Paid Wages, drawing Cheque . .	25	0	0
	4.	Drew by Cheque Cash for Office .	10	0	0
	8.	Received Cheque from R. Cook. .	45	15	6
	9.	Received Cheque from G. Dove .	29	13	4
	10.	Paid a Cheque to G. Lyon . .	38	14	9
	11.	Paid Gas Co. by Cheque . . .	5	14	6
	12.	Bought Office Furniture by Cheque	8	17	9
	14.	Received Cheque from R. Cook. .	15	4	6
	15.	Received Cheque from G. Dove .	6	6	8
	16.	Cash Sales paid to Bank . . .	50	17	3
	17.	Bank Charges as per Pass Book .	1	10	0
	18.	Interest on Account allowed by Bank	2	15	6
	19.	Drew Cheque for Cash . . .	10	0	0
	20.	Drew Cheque for Private Expenses .	15	0	0

Questions :—

(*a*) Between which two people does the transaction on June 1st take place ?

(*b*) Between which two people does the transaction on June 16th take place ?
(*c*) Between whom did the transaction on June 19th take place ?
(*d*) Between whom did the transaction on June 20th take place ?
(*e*) What is a Cheque ? Write out the Cheque which might have been used on June 8th.
(*f*) What should be the full name of the Bank Account ?

EXERCISE 34

F. Ormiston

Enter and post as in previous exercise.

1927			£	s.	d.
Sept.	1.	Cash at Bank	500	0	0
	2.	Drew Cash from Bank	60	0	0
	8.	Received Cheque from E. Roe	60	7	4
	9.	Paid Trade Expenses by Cheque	12	7	6
	10.	Paid W. Evans on Account a Cheque	160	0	0
	12.	Received from E. Briggs a Cheque for	25	15	0
	14.	Received from E. Roe, a Cheque	35	8	6
	15.	Paid W. Evans a Cheque	43	10	0
	16.	Paid Trade Expenses by Cheque	5	18	0
	17.	Bank Charges as per Pass Book		12	6
	17.	Received Cheque from E. Roe	24	12	0
	18.	Sent to Bank from Office, Cash	25	0	0
	23.	Drew from Bank for Self	20	0	0
	25.	Interest on Account as per Pass Book	3	10	0

Questions :—

(*a*) Why is the amount of the transaction of September 25th made a debit entry in the Bank Account ?
(*b*) Who is the Debtor for the transaction of September 9th ?
(*c*) How is a Bank Account used as a Notebook for the writing of other Accounts ?

EXERCISE 35

Copy the following into your Exercise Book:

Dr. Cash Book W. Rosser & Sons (p. 8) Cr.

		(name of Cr a/c)	Led. folio	Cash £	Cash s	Cash d	Bank £	Bank s	Bank d			(name of Dr a/c)	Led. folio	Cash £	Cash s	Cash d	Bank £	Bank s	Bank d
19-										19-									
Aug.	1	To Balances b/d	✓	25	-	-	200	-	-	Aug.	3	By Expenses a/c		6	-	-			
"	4	" Sales a/c		54	-	-				"	8	" R Watkins & Co a/c					97	-	-
"	6	" W. Wheatstone a/c					85	-	-	"	10	" Bank a/c	B	60	-	-			
"	10	" Cash a/c	C				60	-	-	"	10	" Balances c/d	✓	13	-	-	248	-	-
			£	79	-	-	345	-	-				£	79	-	-	345	-	-
"	11	To Balances b/d	✓	13	-	-	248	-	-										

Questions :—

(*a*) What do the following figures in the above Cash Book represent, £25, £54, £97, £248.
(*b*) When is the sign " C " written in the folio column of the Cash Book? What does this indicate? (Do not say what it means.)
(*c*) What Accounts are kept in the Cash Book.
(*d*) Prove that the Cash Book is a volume of the Ledgers.

EXERCISE 36

Cash and Bank Exercise

J. Hobbs

Enter the following transactions into separate Accounts and then write them in a Cash Book with two money columns, taking the transactions in order of date. Post to Ledger and show a Trial Balance.

1926

Jan. 1. Opened a Current Account with 10 notes, £5 each.
2. Sent a Cheque to A. Wells for £5 12s. 6d.
3. Paid C. James a Cheque for £7 8s. 4d.
4. Paid Rent by Cheque, £10.
5. Received a Cheque from O. Jay, £12 15s., and paid it into Bank.
6. Paid into Bank, Cash, £25.
7. Paid Wages by Cheque, £9 10s.
8. Drew £15 from Bank in Cash.
9. Received a Cheque from O. Jay, £18 10s., and paid it into Bank.
10. Paid a Cheque to A. Wells, £4 17s. 2d.
12. Was charged 5/– for Cheque Book.
14. Was charged 7s. 6d. for keeping the Account.

Jan. 1. Received £40 from O. White.
2. Paid P. Pyne Cash, £4 10s.
3. Was paid £30 Cash by O. White.
4. Paid P. Pyne Cash, £15 16s. 6d.
6. Paid into Bank, Cash, £25.
7. Paid Wages in Cash, £15.
8. Received £30 from O. White.
8. Drew £15 from Bank in Cash.
9. Paid Rent in Cash, £7 5s.
10. Paid Rates in Cash, £5 10s.

Questions :—

(*a*) If the Accounts in the Ledger are described as being kept vertically, how might they be described when kept in a two-column Cash Book ?

(*b*) Which transactions are described twice in the Exercise ?

(*c*) Why were these transactions described twice ?
(*d*) What are the uses of a Cash Book ?

EXERCISE 37

Cash and Bank Exercise

W. Woolley

Enter the following transactions into separate Accounts, and then write them in a Cash Book with two money columns, taking the transactions in order of date. Post to Ledger Accounts and show a Trial Balance.

1926			£
Mar.	1.	Opened a Current Account at Bank . .	70
	3.	Sent Cheques to A. Thorpe . . .	25
		to T. Hammond . . .	12
	5.	Paid Cheque from F. Walden into Bank .	46
	7.	Paid Expenses by Cheque . . .	18
	8.	Drew from Bank for Office Cash . .	20
	10.	Paid Cheque from T. Dimmock into Bank .	89
	12.	Paid Rent by Cheque	19
	14.	Paid Rates by Cheque	7
	15.	Paid a Cheque to A. Thorpe . . .	23
	15.	Bank charged for keeping account . .	1
Mar.	1.	Received from J. Seed	34
	2.	Received from E. Elkes	29
	4.	Paid Expenses in Cash	18
	6.	Paid T. Hammond in Cash . . .	17
	8.	Drew from Bank for Office Cash . .	20
	9.	Received from J. Seed	14
	10.	Paid Wages in Cash.	42
	12.	Received Cash from E. Elkes . . .	27
	15.	Paid Rates in Cash	9

Questions :—

(*a*) What is a Prime Entry Book ?
(*b*) What use is made of Prime Entry Books ?

(*c*) Which is it more correct to say
  (*a*) Posting the Cash Book ?
  (*b*) Posting from the Cash Book ?
(*d*) The Cash Account has always a debit "Balance B/D." Has the Bank Account also ?

BALANCE SHEET EXERCISES

EXERCISE 38

R. MANN

Balance Sheet for December 31, 1927

Liabilities	£	s.	d.	*Assets*	£	s.	d.
Creditor :—							
T. Wells & Son	45	0	0	Cash . .	18	0	0
Capital Account	1,055	0	0	Bank . .	67	0	0
				Stock on hand	180	0	0
				Debtor :—			
				P. Wilson & Co.	35	0	0
				Premises .	800	0	0
	£1,100	0	0		£1,100	0	0

Questions :—

(*a*) What is an Asset ? What is a Liability ?
(*b*) Write Accounts for the Assets and Liabilities of R. Mann.
(*c*) Name a person connected with each Asset Account.
(*d*) If the Capital figure were missing how could it be found ? Why would this method give the proper figure ?
(*e*) Which figures in the Assets List give the exact value of the Asset with which they are connected ?
(*f*) What is meant by the phrase, "The business of R. Mann" ?

EXERCISE 39

Write Accounts in your ledger exercise book showing the Opening Entries in the business books of A. Finlay and Co.,

who, on January 1st, 19—, commenced business with the following assets: Cash in hand £20; Stock of Goods £80; Machinery worth £500; Premises valued at £1,000; Office Furniture and Fittings £40.

Write a Balance Sheet showing the financial position of the business of A. Finlay & Co., as on January 1st 19—.

EXERCISE 40

Write Accounts showing the Opening Entries in the books of S. Richards who, on February 1st 19—, commenced business with: Cash in hand £59 1s. 6d.; Stock of Goods worth £232 18s. 1d.; Machinery worth £250; Debts owing to him by J. Newsome £39 8s. 3d.; and A. Fell £127 11s. He owed to A. Dean £63 1s. 10d. and to Wilson Bros., £45 17s.

Find and show what is owing by the business to its owner S. Richards.

Write a balance sheet showing the financial position of the business of S. Richards as on February 1st 19—.

OPENING BALANCES AND CASH BOOK

EXERCISE 41

Open Accounts with these balances. Enter the Cash transactions in Cash Book and post Ledger Accounts. Take out a Trial Balance to check posting.

T. Walters

He commenced business on January 1st, 1926, with cash in hand £50; Stock worth £200; Fixtures and Fittings £30; Premises £1,000. (Find Credit Balance in Capital Account.)

1926		Transactions:	£
Jan.	1.	Bought Goods for Cash	45
	2.	Sold Goods for Cash	38
	2.	Paid T. Anderson Cash	10
	3.	Purchased new Fitting, Cash . . .	5
	4.	Received Cash from S. Lane . . .	25

			£
Jan.	5.	Paid Carriage on Goods	2
	6.	Sold Goods for Cash	45
	7.	Goods bought with Cash	32
	12.	Received Cash from T. Anderson	10
	15.	Paid Cash to S. Lane	25
	18.	Paid Sundry Expenses	7

EXERCISE 42

C. Fox

On December 1st, Balances in the books of C. Fox were as follows:

Dr. Balances:	£	s.	d.
Cash in hand	83	10	0
Cash at Bank	185	15	6
Stock	522	0	0
Furniture Account	100	0	0
H. Elvins	200	0	0
J. Silvey	140	10	0
Cr. Balances:			
D. Powell	88	4	0
C. Olson	56	0	0

Find the balance of the Capital Account.

Enter these transactions into the Cash Book.

Dec.	3.	Paid D. Powell by Cheque	88	4	0
	7.	Cash Sales	189	0	0
	8.	Paid to Bank	200	0	0
	14.	Bought Copying Machine for Cash	24	0	0
	16.	Cash Sales	153	10	0
	17.	Paid Cash into Bank	150	0	0
	19.	Received Cheque from H. Elvins and paid to Bank	200	0	0
	23.	Cash Sales	166	4	0
	23.	Paid into Bank	150	0	0
	31.	Paid Salaries by Cheque	90	0	0
	31.	Paid Sundry Expenses by Cheque	27	10	0

Post to Ledger Accounts having opened them by direct entry where necessary. Extract a Trial Balance.

EXERCISE 43

G. Webb

Enter the following into a Cash Book, a Purchases Book and a Sales Book. Open the necessary Accounts in the Ledger and post the original books to them. Extract a Trial Balance.

On August 1st, G. Webb had Cash in hand £39 10s.; Cash at Bank £332 8s.; Stock £350 10s.; T. Aller owed him £35 10s.; while he owed Penn & Co. £57 18s.

Find and Credit his Capital.

Transactions:			£	s.	d.
Aug.	4.	Sold Goods to A. Carr	30	15	0
	4.	Sold Goods to T. Aller	45	12	0
	5.	Received Cash for Goods sold	37	7	6
	5.	Paid Cash into Bank	70	0	0
	10.	Received Cash from A. Carr	30	16	0
	11.	Withdrew from Bank	10	0	0
	12.	Paid into Bank a Cheque from T. Aller	50	0	0
	12.	Paid for Goods by Cheque	67	10	0
	13.	Sold Goods to A. Carr	24	15	0
	13.	Paid for Stationery	4	16	0
	15.	Bought Goods from Penn & Co.	56	16	0
	15.	Paid Penn & Co., a Cheque for	114	14	0
	15.	Received from T. Aller Cash	25	0	0
	18.	Cash Sales	36	12	6
	22.	Bought Goods from Penn & Co.	54	10	0
	30.	Paid into Bank	75	0	0
	30.	Paid Rent by Cheque	40	0	0
	30.	Drew Cheque for Wages	64	10	0
	31.	Petty Expenses paid in Cash	7	17	6

EXERCISE 44

Work as in previous Exercise.

Thomas Gee

On April 1, T. Gee had Cash in hand, £50; Cash at Bank,

£200 ; Stock, £550. His premises were worth £1,200. Find and credit his Capital.

Transactions :			£	s.	d.
April	2.	Bought Goods from Prince & Co. .	190	0	0
	3.	Received invoice from Cooper & Co. for Goods sent	40	0	0
	4.	Paid Carriage in Cash . . .	5	15	0
	5.	Drew from Bank for Office Cash .	30	0	0
	6.	Sold Goods to G. Webb . . .	30	4	8
	7.	Sent Cheque to Prince & Co. . .	100	0	0
	10.	Bought from Cooper & Co., Goods .	64	0	0
	12.	Paid Insurance Premium, Cheque .	5	0	0
	12.	Returned Goods to Cooper & Co. .	4	0	0
	18.	Paid Wages in Cash. . . .	15	0	0
	19.	Cash Sales to Date	45	0	0
	20.	Banked	50	0	0
	24.	Sold Goods to G. Webb . . .	25	15	0
	28.	Paid Rates by Cheque . . .	5	17	6
	30.	Petty Expenses paid in Cash . .	7	5	0

DISCOUNT EXERCISES

EXERCISE 45

C. Bonner

Show in the Ledger of E. Ryan the personal Account of C. Bonner and from it post the other Accounts in the Ledger and show a Trial Balance.

			£
Aug.	1.	Balance owing by C. Bonner . . .	40
	7.	Sold Goods to C. Bonner	60
	9.	C. Bonner returned faulty Goods . .	5
	15.	C. Bonner settled his Account by paying Cheque	90
	18.	Sent Goods to C. Bonner	45
	20.	C. Bonner was allowed for short weight .	5
	30.	C. Bonner settled his Account by Cheque, being allowed a Cash Discount of . .	3

			£
Sept.	3.	Sold C. Bonner Goods for . . .	86
	5.	C. Bonner was allowed £3 for faulty Goods.	
	15.	C. Bonner paid, on Account, by Cheque .	50
	18.	Sent Goods to C. Bonner	74
	26.	Goods invoiced to C. Bonner . . .	26
	30.	C. Bonner settled his Account by Cheque, being allowed a Cash Discount of . .	5

Balance the Account at the end of each month.

Questions :—

(*a*) Why were two Credit Entries written on August 15th ?
(*b*) Who were the Debtors on August 15th ? Are these real persons ?
(*c*) What may be noticed regarding the Cash Account and the Discount Account in working the above Exercise ?
(*d*) Explain what is meant by " Discount Allowed."
(*e*) Write a rule for recording " Discount Allowed."

EXERCISE 46

R. Ireland

In the Ledger of E. Ryan show the Account of R. Ireland, and from it post the other Accounts. Show a Trial Balance.

			£
Aug.	1.	Balance owing to R. Ireland . . .	50
	3.	Bought Goods from R. Ireland . .	40
	8.	Sent faulty Goods back to R. Ireland .	6
	15.	Settled R. Ireland's Account by Cheque .	81
	17.	Received Goods from R. Ireland invoiced at	85
	18.	Was allowed for short weight, receiving a Credit Note from R. Ireland for . .	4
	23.	Bought Goods from R. Ireland . .	17
	30.	Settled R. Ireland's Account by Cheque, being allowed a Cash Discount of . .	8
Sept.	5.	Received Goods from R. Ireland . .	90

		£
Sept. 7.	Sent Goods back to R. Ireland . . .	9
12.	Bought Goods from R. Ireland . .	62
15.	Paid R. Ireland a Cheque on Account .	100
21.	Received Goods from R. Ireland invoiced at	35
23.	R. Ireland allowed claim for overcharge on Invoice, sending a Credit Note for . .	3
30.	Settled R. Ireland's Account by Cheque, being allowed a Cash Discount of . .	12

Balance the Account at the end of each month.

Questions :—

(*a*) Why is there no Balance to carry down ?
(*b*) Who were the Creditors on August 15th ? Are these real persons ?
(*c*) What may be noticed regarding Cash and Discount Accounts in working the above exercise ?
(*d*) Explain what is meant by " Discount Received."
(*e*) Write a rule for recording " Discount Received."

EXERCISE 47

Give entries necessary to record the following transactions.

Example :—

J. Peal paid me Cash £8, and I allowed him 15/– Discount.

Answer :—

Dr. entry in Cash Account of £8.
Dr. entry in Discount Account of 15/–.
Cr. entries in J. Peal Account of £8 15s. total.

(*a*) S. Hall paid me Cash £9, and I allowed him £1 Discount.
(*b*) M. Tall paid in Cash his Account of £5, being allowed £1 Discount.
(*c*) Received £7 in Cash from R. Sheridan, allowing him 10/– Discount.
(*d*) Received in Cash £6 from B. Rowley to settle his Account of £6 15s.

(*e*) In settlement of his Account of £4 10s., R. Blackie paid me £4 5s.

Example :—

I paid in Cash £6 to T. Trumper, receiving £1 Discount.

Answer :—

Cr. entry in Cash Account of £6.
Cr. entry in Discount Account of £1.
Dr. entries in T. Trumper Account of £7 total.

(*r*) I paid in Cash £7 to L. O'Trigger who gave me 10/– Discount on my Account.

(*s*) Sent £8 10s. in Cash to A. Absolute to settle my Account of £9.

(*t*) I paid Cash to settle my Account with M. Malaprop of £10 being allowed 5/– Discount.

EXERCISE 48

Show by means of notes what entries are necessary to record the following :

ARNOLD & CO.

			£	s.	d.
Jan.	1.	Received cheque from A. Dick . .	87	15	0
		Discount allowed to A. Dick . .	2	5	0
	18.	Received Cheque from R. Kingley .	28	16	0
		Discount allowed being . . .	1	10	6
	19.	Paid Cheque to G. Blake . . .	68	5	0
		Received discount from G. Blake .	1	15	0
	21.	Received Cash from J. Wormald .	32	0	0
		And allowed him Discount . .	3	0	0
	22.	Paid Cheque of £76 to Sims & Co. in Settlement of the Account of £80			
	22.	Received Cheque of £42 from A. Anson in full settlement of his Account of £45			
	23.	Paid to E. Roberts	48	15	0
		Being given Discount of . .	1	5	0
	26.	Received Cheque from R. Kingley .	12	10	0
		Giving Discount of	1	10	0

EXERCISE 49 *THREE COLUMN CASH BOOK*

Copy this example of a three-columned cash book into your exercise book :

The Cash Book is a "Ledger-Journal." It contains accounts and is used for writing other accounts in the Ledger.

Dr. Cash Book R. Sims (p. 9) Cr.

19—			f	Disc. £	s	d	Cash £	s.	d	Bank £	s	d	19—			f	Disc. £	s	d	Cash £	s	d	Bank £	s	d
Jan 1	To Balances b/d	✓					20	-	-	100	-	-	Jan 8	By Expenses a/c						5	-	-			
" 3	" R. Watson a/c			5	-	-				80	-	-	" 10	" L. Jones a/c			3	-	-				70	-	-
" 8	" Sales a/c						35	-	-				" 11	" Expenses a/c									14	-	-
													" 11	" Balances c/d	✓					50	-	-	96	-	-
			£	5	-	-									£	3	-	-							
						£	55	-	-	180	-	-						£	55	-	-	180	-	-
" 12	" Balances b/d	✓					50	-	-	96	-	-													

Questions :—

(*a*) Why are the Discount columns separately totalled ?

(*b*) What entry will be made in R. Watson's Account on January 3rd ?

(*c*) Describe a transaction which might have caused the entry in the above Cash book on January 10th.

EXERCISE 50

R. Hood

Write out the Cash Book of R. Hood who, on April 1st, 1926, had Cash in hand £25, at Bank £929.

1926			£	s.	d.
April	2.	Paid Trade Expenses in Cash . .	6	7	8
	6.	Received Cheque from George & Co. .	78	0	0
		Allowed him at same time Discount .	2	0	0
	7.	Paid "George & Co." Cheque into Bank			
	11.	Cash Sales	7	2	6
	12.	Received Cheque from Broughton & Co.	56	10	0
		Discount being allowed on the Account	2	5	0
	14.	Received Cash from George & Co. .	6	10	0
	14.	Paid Trade Expenses in Cash . .	5	2	5
	16.	Paid Broughton's Cheque into Bank			
	17.	Drew from Bank for Wages . .	39	15	0
	19.	Paid Thomas Bros. a Cheque . .	39	0	0
		Discount on our Account being .	1	0	0
	23.	Cash Sales	9	4	8
	24.	Paid into Bank	15	0	0
	25.	Paid Thomas Bros. in Cash . .	6	5	0
		Receiving a discount on the Account		9	8
	26.	Received a Cheque from George & Co. and paid it into the Bank . .	37	5	6
	28.	Received a Cheque from Broughton and Co.	35	0	0
	29.	Endorsed Broughton's Cheque to Thomas Bros.			
	30.	Paid Trade Expenses in Cash . .	5	12	8

Post the Cash Book to Ledger Accounts and take out a Trial Balance on April 30th.

Question :—

R. Hood banks his money with the Midland Bank Ltd.,

Clapham, and Broughton & Co. have their account at the National Provincial, Norwood.

Draw the Cheques connected with April 19th and with April 12th.

Show the endorsement mentioned on April 29th.

EXERCISE 51

F. Harker

Write up the Cash Book of F. Harker who, on March 1st, had Cash in hand £6, Cash at Bank £727 :

1926			£	s.	d.
Mar.	1.	Drew from Bank for Office	10	0	0
	3.	Paid Langham Bros. Account for £100 with a Cheque of	97	10	0
	4.	Drew for Salaries from Bank	34	10	0
	5.	Cash Sales	18	5	6
	9.	Received a Cheque from Annan & Co. to settle their Account of £10	9	15	0
	12.	Cash Purchases	9	6	0
	14.	Railway Carriage Account paid in Cash	2	19	0
	15.	Paid a Cheque to Langham Bros.	87	6	8
		Discount being allowed by them	2	13	4
	18.	Cash Sales	25	17	8
	19.	Received Cash from Annan & Co.	12	4	0
	20.	Paid Annan & Co. Cheque of 9th inst. into Bank			
	24.	Cash Purchases	8	16	3
	25.	Paid Rent by Cheque	18	0	0
	26.	Received a Cheque from Annan & Co. to settle an account of £24 12s. 6d.	23	11	4
	27.	Paid Annan & Co's Cheque of 26th inst. into Bank			
	28.	Bank charges for Account		7	6
	28.	Interest allowed on current Account	2	12	8
	31.	Drew for Private expenses from Bank	25	0	0

Post Cash Book to Ledger Accounts. Take out Trial Balance for March 31st.

Question :—

F. Harker has his Bank Account with Parr's Bank, Putney. Annan & Co. bank with the Midland, 236, High Street, Tottenham.

Draw the Cheque received on March 9th.
Draw the Cheque paid on March 4th.

EXERCISE 52

R. Wall

Enter up the transactions of R. Wall, balancing the Cash and Bank columns at the end of each month.

1923			£	s.	d.
Jan.	1.	Cash in hand	8	15	3
		Cash at Bank	578	2	6
	5.	Goods sold for Cash	2	4	8
	7.	Paid for Goods by Cheque	38	10	0
	10.	Received from W. Frost and Paid to Bank	116	14	3
		Discount allowed	2	13	9
	13.	Paid Cheque to S. Newcome	80	5	0
		Discount Received	4	10	0
	18.	Paid S. Newcome Cash	4	15	9
		Discount received		1	3
	24.	Bought Goods for Cash	5	8	3
	26.	Paid for Fixtures by Cheque	56	7	0
	30.	Cash drawn from Bank	33	0	0
	31.	Paid Trade Expenses, Cash	25	15	0
Feb.	2.	Paid Gas Account, Cash	1	13	4
	3.	Paid S. Newcome by Cheque	238	0	0
		Discount	11	15	0
	9.	Bought Goods for Cash	4	10	0
	12.	Received from W. Frost	6	17	4
	16.	Paid S. Newcome, Cash	6	5	0
		Discount		6	0

			£	s.	d.
Feb.	19.	Sold Goods for Cash . . .	12	5	9
	23.	Received from W. Frost and Paid into Bank	50	14	3
		Discount received	2	5	9
	26.	Paid S. Newcome by Cheque. . .	155	8	0
		Discount	7	15	0
	28.	Paid Wages and Expenses, by Cheques	18	10	0
Mar.	2.	Received from W. Frost, Cash . .	6	17	0
		Discount		3	0
	3.	Cheque drawn for Office Cash . .	16	0	0
	10.	Paid Agent's Commission, Cash .	10	12	0
	18.	Bought Goods for Cash . . .	4	15	0
	20.	Received from W. Frost and Paid into Bank	70	12	0
		Discount	3	0	0
	26.	Sold Goods for Cash . . .	3	8	9
	27.	Paid by Cheque Fire Insurance .	6	15	0
	30.	Paid Wages and Expenses, Cash .	17	15	0

OPENING ENTRIES

EXERCISE 53

On July 1st, T. Graham had Cash in hand £10, and in the Bank, £354. His Stock was valued at £1,572. Jas. Black owed him £74, and Wm. Carter £130. He owed to T. Anderson £190. Show, by means of a Journal Note, what Accounts are necessary to record these facts in his Books, and write his B/S for this day.

EXERCISE 54

On January 1st W. Dawson had Cash in hand, £20, and in the Bank £85 on Current Account, and £400 on Deposit. His Freehold Premises were worth £4,900 and his Stock £1,850. His Motor Vans were valued at £760. He owed to

T. Mair £430 and to Grant & Co. £75, while Valentine & Sons owed him £346. Show, by means of a Journal Note, what Accounts would be necessary to record these facts and show his B/S on this date.

EXERCISE 55

T. Craig

Balance Sheet as at December 31st.

Liabilities			*Assets*		
		£			£
Sundry Creditors		1334	Cash		20
Capital	3000		Bank		120
Net Profit	255		Stock		742
		3255	Sundry Debtors		2657
			Machinery		1050
		£4589			£4589

Note :—

Creditors are W. Walker, £940.
J. Black, £394.
Debtors are S. Johnson, £876.
J. Munns, £593.
R. Ramage, £749.
S. Brooks, £439.

The above is the Balance Sheet of T. Craig. What Accounts are necessary in his Books? Indicate by means of a Journal Note.

EXERCISE 56

D. Perkins

Cash Book and Journal

D. Perkins had on January 1st the following Assets: Cash in hand, £26 12s. 11d.; Cash at Bank, £300; Office Furniture, £100; Stock, £185 10s. 6d. H. Dickson owed him £95 0s. 7d. He owed P. Peach £75 19s. He had

borrowed from R. Smith £200 at 5% interest to be paid half yearly.

Enter in Journal and find his Capital.

Enter the following transactions into a three column Cash Book. Post Ledger Accounts and extract a Trial Balance showing the balance in the Accounts on January 30th.

Jan. 2. Paid half year's Interest on Loan in Cash.
2. Charged H. Dickson 8/– for interest on his Account
P. Peach made a Charge of 7/– for interest on his account.
4. Paid Wages in Cash, £7 4s. 6d.
5. Drew from Bank for Office Cash, £25.
9. Bought for Cash, Office Desk, £6 10s.
10 Paid Wages in Cash, £8.
11. Bought for Cash Stationery and Wrapping Paper £3 8s. 2d.
12. Sold Goods for Cash, £35 10s. 6d.
13. Banked £30.
14. Repaid R. Smith by Cheque, £100.
15. Received Cheque from H. Dickson £29, allowing him a Discount of £1 10s.
16. Cash Purchases, £15 12s. 6d.
16. Paid H. Dickson's Cheque into Bank.
17. Paid Cheque to P. Peach, £49.
Discount allowed, £1.
17. Paid Wages in Cash, £7 10s.
18. Cash Sales to date, £25.
20. Paid Carriage on Goods, £10 5s.
22. Purchased Goods by Cheque, £50 10s.
23. Sold Goods for Cheque and paid it to Bank. £350 10s.
28. R. Dickson paid the balance of his Account, being allowed 5% discount.
30. Paid Wages in Cash, £8 10s.

Question :—

What is the difference between a Capital Purchase and a Revenue Purchase ?

EXERCISE 57

COLUMNAR PETTY CASH BOOK

Date	C.B. Folio	Cash Received £	s.	d.	Particulars of Payment	Voucher No.	Total Payment £	s.	d.	Travelling Expenses £	s.	d.	Postages and Telegrams £	s.	d.	Printing and Stationery £	s.	d.	Advertising £	s.	d.	Salaries £	s.	d.	Carriage £	s.	d.	Sundry Trade Exps. £	s.	d.
1927																														
Jan. 1	28	30	0	0	To Cash	—																								
3					By C. P. & Co.	1		8	6																8	6				
6					Waterlow & Son	2	12	0	0							12	0	0												
6					Daily Express	3		10	0										10	0										
8					M. Smith	4		5	0		5	0																		
10					Stamps	5	1	0	0				1	0	0															
12					Milk for Cat	6		1	0																				1	0
13					L. Thompson	7	1	5	0													1	5	0						
13					P. Cook	8	5	0	0													5	0	0						
							20	9	6		5	0	1	0	0	12	0	0	10	0		6	5	0		8	6		1	0
		20	9	6	To Cash																									
					By Balance	c/d	30	0	0																						
		£50	9	6			£50	9	6																					
Jan. 14	b/d	30	0	0	To Balance																									

These totals are posted to the debit of the respective accounts in the Ledger as and when ruled off.

1. Copy the above form of Petty Cash Book.
2. Explain the " Imprest " system of keeping the Petty Cash Account.

Petty Cash Book Exercises

EXERCISE 58

Explain the working of the Imprest System of keeping Petty Cash Records. A petty cashier receives a sum on January 1st to bring his balance to £25. His Summary at the end of the month shows that he has spent £12 12s. 6d. on Stamps and Telegrams, £3 6s. 5d. on Stationery and £5 10s. 5d. on Car and Railway Fares.

What amount will he receive on February 1st, and what entries will be made of the disbursements mentioned above ?

EXERCISE 59

Enter the following in a Petty Cash Book. Use analysis columns for (*a*) Postages (*b*) Telegrams (*c*) Travelling Expenses (*d*) Stationery (*e*) Sundries.

January 8th Petty Cashier had £5 in hand. Spent on January 8th, Stamps 18s., envelopes 10s. 6d., bottle of gum 2s. 6d. ; January 9th, Tram Fares 8d., Postage on Parcel 1s. 3d., Telegram 3s. ; January 10th, String 2s. 6d., Tram Fares 9d., Stamps 9s. 6d. ; January 11th, Telegrams 3s. 9d., Carriage on Parcel 4s. 6d., Cab Fare 4s. ; January 12th, Tram Fares 5d., Telegram 5s. 6d., Stamps 10s. On the 13th the amount expended was made good by the cashier. Show this in closing the Petty Cash Book.

EXERCISE 60

Enter the following into a columnar Petty Cash Book.

			£	s.	d.
Jan.	1.	Advanced to Petty Cashier . .	5	0	0
	1.	Travelling Expenses . . .		5	6
	1.	Stationery		10	0
	3.	Stamps		8	6

			s.	d.
Jan.	3.	Brown Paper and String	2	3
	4.	Travelling Expenses	7	4
	4.	Telegram	1	6
	4.	Tips and Carmen	1	0
	5.	Travelling Expenses	2	8
	5.	Pencils for Office	3	0
	5.	Blotting Pads	5	6
	5.	Telegrams	4	8
	6.	Travelling Expenses	8	0
	6.	Cleaner's Wages	18	0

On the 7th the Petty Cashier was reimbursed for his payments. Show his Account Book.

Reconciliation Statements

EXERCISE 61

The balance at Bank as shown by the Cash Book of the Restaurant Co. was £293 1s. 3d. and the balance shown by the Pass Book was £251 17s. 10d. on the 31st December, 19–. It was discovered that £70 14s. 10d. paid in that day was not credited and that the following Cheques drawn prior to 31st December were not cleared :

R. Bostock & Co., Ltd., £10 ; J. O'Neil, £4 ; W. J. Hill, £2 13s. 2d. ; R. Ward & Co., £12 18s. 3d.

Show the Reconciliation Statement.

EXERCISE 62

Write a Reconciliation Statement from the following particulars :

		£	s.	d.
Feb. 28.	Cash Book balance of Bank Account	423	7	6
	Pass Book balance	752	9	6
Cheques paid in but not collected		66	7	6
Cheques drawn but not presented		395	9	6

EXERCISE 63

Write a Reconciliation Statement from the following particulars :

Dec. 31st. E. Jones' Bank Balance by his Pass Book stood at £857 10s. 6d. to his credit ; the following Cheques drawn by him had not yet been presented :

No. 1769, W. Thompson, £204 6s. 8d. ; No. 1772, E. Bowen, £125 ; No. 1773, S. Edwards, £15 ; while on the other hand a Cheque for £350 8s. 9d. had not been cleared.

EXERCISE 63A

On 31st January, 19—, the balance shown in the Cash Book of C. Byrne showed an overdraft of £133 9s. 0d.

On examining the Pass Book at the end of the day it was discovered that the following entries did not appear in the Cash Book.

			£	s.	d.
Jan.	23.	Bill dishonoured	188	11	0
,,	25.	Cheque Book	1	0	0

A country cheque, £325 8s. 8d. paid in on 30th January had not been cleared, and cheques drawn on 31st January, amounting to £129 had not been met.

(*a*) What was the balance which should have appeared in the Cash Book ?

(*b*) What was the balance shown in the Pass Book ?

(*L.Ch.C. part exercise*).

THE "WAY" OF BOOK-KEEPING:

First → Then

Entry into Notebook — Entry into Account.

Notebooks are:

(*a*) The Journal Proper
(*b*) Purchases Book
(*c*) Sales Book
(*d*) Returns *In* Book
(*e*) Returns *Out* Book
(*f*) Bills Rec. Book
(*g*) Bills Pay. Book

Accounts are written in Ledgers:

(*a*) Bought Ledgers
(*b*) Sold Ledgers
(*c*) General Ledgers
(*d*) Private Ledgers

The Cash Book is a "Ledger–Notebook."

Double Entry must be made of the value of each transaction—a "Dr." entry in one account and a "Cr." entry in another account of the same set of accounts.

A total "Dr." entry may be written in the place of any number of "Dr." items.

A total "Cr." entry may represent any number of "Cr." items.

SECTION III

EXERCISES USING THE ORIGINAL BOOKS: THE JOURNAL, THE CASH BOOK, THE PURCHASES BOOK, THE SALES BOOKS CONCURRENTLY.

Instructions for working the exercises numbered 64-75.

The information given must be entered into these books of original entry :

(*a*) The Journal.
(*b*) Cash Book.
(*c*) Purchases Book.
(*d*) Sales Book.

These are to be posted to Ledger Accounts and a Trial Balance extracted to check the posting.

With the " Stock on Hand " value given, a Trading Account and a Profit and Loss Account may be prepared. A Balance Sheet may be written to show the financial position of the trader on the last date.

Routine of Posting. It is advisable that a systematic habit of posting be practised from the beginning.

The following plan has proved effective in preventing errors :

(1) Enter figures into the account.
(2) Enter reference to original book in account folio column.
(3) Enter reference to ledger folio in the folio column of original book reading figures again and noting the date.
(4) Complete particulars in the account.

Suggested Order of Accounts in Exercises.

(1) Real Personal Accounts.
(2) " Goods Accounts " (*a*) Stock ; (*b*) Purchases ; (*c*) Sales ; (*d*) Returns In ; (*e*) Returns Out.
(3) Expenses Accounts, Discount Account being re-written from Cash Book if required.
(4) Other Accounts.

A CHART OF POSTING

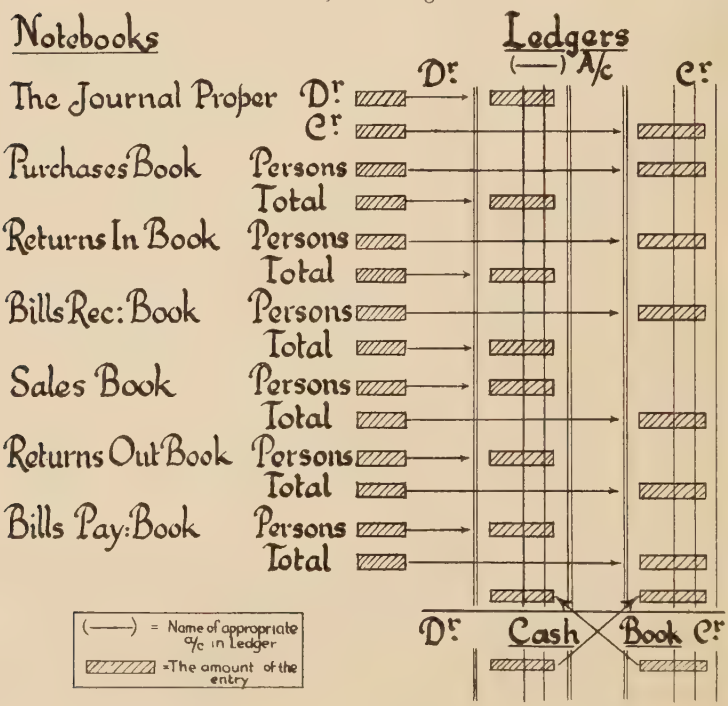
The following rules for posting the common subsidiary books to the accounts in the Ledgers are illustrated by the chart given below.

JOURNAL PROPER :—Entry opposite account name in Journal is *copied* (Dr. to Dr. and Cr. to Cr.) into that account in Ledger.

PURCHASES BOOK
RETURNS IN BOOK
BILLS REC. : BOOK
— Entry opposite name of person is a "Cr." entry in that person's account.
Total of Book is a "Dr." entry in a/c of that Book.

SALES BOOK
RETURNS OUT BOOK
BILLS PAY : BOOK
— Entry opposite name of person is a "Dr." entry in that person's account.
Total of Book is a "Cr." entry in a/c of that Book.

CASH BOOK :—Complete the Double Entry for all amounts in Cash Book, including Discounts.



EXERCISE 64

Alfred Gibson

On January 1st, A. Gibson commenced business with Cash £200, as a newsagent.

			£	s.	d.
Jan.	1.	Paid Cash for Stock. . . .	30	0	0
	1.	Paid into Bank	150	0	0
	2.	Bought for Cash a Handcart . .	3	15	0
	3.	Purchased Goods from Snalesgrove and Co.	20	0	0
	4.	Cash Sales	12	0	0
	5.	Sold Goods to Thomas More . .	5	10	0
	6.	Bought Goods from A. Roberts. .	16	0	0
	7.	Sundry Cash Sales	15	0	0
	7.	Paid Snalesgrove & Co., the Amount of their Account less $2\frac{1}{2}\%$ Discount .			
	9.	Received Cash of T. More to settle his Account giving him $2\frac{1}{2}\%$ discount .			
	10.	Sundry Cash Sales	10	0	0
	11.	Bought Goods of L. Stephen . .	30	0	0
	12.	Sold Goods to J. Larkin . . .	3	17	6
	13.	Paid L. Stephen his Account by cheque less $2\frac{1}{2}\%$ Discount . . .			
	14.	Cash Sales	8	0	0
	18.	Paid Wages in Cash. . . .	12	6	0
	24.	Paid into Bank	25	0	0
	25.	Cash Sales	10	10	0
	31.	Received Cheque and paid to Bank from J. Larkin to settle his Account less $2\frac{1}{2}\%$ Discount . . .			

EXERCISE 64A

On January 31st the Stock on hand was valued at £65.

EXERCISE 65

N. Park

On July 1st, 19—, N. Park commenced business with Cash in hand, £26 10s.; Cash at Bank, £727; and Stock worth £400.

Open his books and enter the following:

19—			£	s.	d.
July	3.	Bought from W. Middleton & Co. Goods	150	0	0
	4.	Cash Purchases	11	2	10
	6.	Paid W. Middleton & Co. a Cheque for	146	5	0
		Receiving a Cash Discount of	3	15	0
	7.	Sold on Credit to J. Humphrey, Goods	50	0	0
	8.	Cash Sales	9	2	7
	11.	Paid Trade Expenses in Cash	6	6	11
	16.	Received a Cheque from J. Humphrey for	48	15	0
		(sent Cheque to Bank)			
		Cash Discount	1	5	0
	19.	Bought Goods on Credit from W. Middleton & Co.	18	15	0
	20.	N. Park drew Cash for private expenses	7	0	0
	21.	Paid a Cheque to W. Middleton & Co. for	18	5	8
		Receiving a Cash Discount of		9	4
	27.	Sold Goods on Credit to J. Humphrey	1	10	10
	28.	Paid Wages in Cash.	3	2	3
	28.	Drew from Bank for Office Cash	10	0	0
	31.	Received Cash from J. Humphrey	1	10	0
		Discount allowed to them			10

EXERCISE 65A

On July 31st the value of Stock on hand was £530.

EXERCISE 66

R. Wavertree

On 1st June, 19—, R. Wavertree had the following Assets and Liabilities: Cash in hand, £9 8s. 3d.; Cash at Bank, £237 9s. 2d.; Stock of Goods, £976; Owing to him by Timperley & Co., £88 3s. 5d.; Owing to Darley Bros., £36 7s. 11d.

Find and Credit his Capital.

19—			£	s.	d.
June	1.	Bought a Motor Van by Cheque to use in the Business . . .	150	0	0
	2.	Sold to Timperley & Co., Goods .	11	17	0
	3.	Sent Invoice to Allerton Bros. . .	38	15	0
	4.	Allowed Timperley & Co. for defective Goods	1	10	0
	5.	Purchases by Cheque . . .	19	0	0
	6.	Sent a Credit Note to Allerton Bros. .	3	15	0
	8.	Paid Petty Cash Expenses out of Office Cash	3	7	0
	9.	R. Wavertree drew a Cheque for private use	8	0	0
	19.	Received and paid to Bank a Cheque from Timperley & Co. . . .	96	0	0
		Discount being given to them . .	2	10	5
	20.	Paid a Cheque to Darley Bros. of .	28	10	0
		Being allowed a Discount of .	1	10	0
	22.	Drew from Bank for Office Cash .	5	0	0
	25.	Paid Rent by Cheque . . .	15	0	0
	27.	Railway Co. sent in their Account for Carriage on Goods . . .	6	15	0
	28.	Allerton Bros. paid their Account by Cheque, *less* 5% Discount.			
	29.	Cash Purchases	2	7	0
	30.	Received Commission by Cheque .	10	0	0

EXERCISE 66A

On June 30th, the Stock was valued at £1,000.

EXERCISE 67

L. Gattey

On 1st April, 1926, L. Gattey had the following Assets and Liabilities: Cash at Bank, £927 3s. 11d.; Owing to S. Wardley & Co., £100 0s. 7d.; Stock of Goods, £672 9s. 2d.; Owing by Longstone & Co., £65 4s. 3d.; Owing to Rainhill Bros., £150 1s.; Capital, £1,414 15s. 9d.

His transactions during April were:

1926			£	s.	d.
April	1.	Drew from Bank for Office Cash	10	0	0
	4.	Received Cheque from Longstone & Co., on Account	35	0	0
	6.	Purchased Goods by Cheque	7	9	0
	8.	Sold Goods to Longstone & Co.	45	15	0
	9.	Paid Railway Carriage Account by Cheque	8	10	0
	12.	Paid Cheque to Rainhill Bros.	146	6	0
		Discount allowed by them	3	15	0
	13.	Received Invoice from Rainhill Bros. for	64	10	6
	14.	Sent a Credit Note to Longstone & Co. for damage to Goods sold to them	1	5	0
	15.	Paid Wages by Cheque	15	0	0
	16.	Returned Goods to Rainhill Bros. (wrong pattern)	23	10	0
	19.	Cash Sales to Date	38	0	0
	20.	Paid Cash to Bank	35	0	0
	21.	Received Cheque from Longstone & Co.	50	0	0
		Endorsed above Cheque to Rainhill Bros.			
	23.	Paid Cheque to S. Wardley & Co.	97	10	7
		Discount allowed by them	2	10	0
	25.	Paid Rent by Cheque	50	0	0
	27.	Sold Goods to S. Wardley & Co.	77	3	7
	30.	Cash Sales to date	34	0	0
	30.	Paid Sundry Expenses in Cash	27	0	0

EXERCISE 67A

On April 30th, the Stock was valued at £608.

EXERCISE 68

T. Worleston

On February 1st, 19—, T. Worleston had the following Assets and Liabilities :—Cash in hand, £11 7s. 3d. ; Cash at Bank, £986 2s. 10d. ; Stock of Goods, £376 8s. 8d. ; Debtor, S. Woolfold, £199 19s. 7d. ; Creditors, Whitechurch Bros., £49 19s. 11d. ; H. Standish, £88 7s. 3d.

Find and Credit Capital.

19—			£	s.	d.
Feb.	1.	Cash Sales	26	7	7
	2.	Banked	25	0	0
	4.	Sold to Poole Bros., Goods	76	3	5
	5.	Bought two Motor Vans for use in Business at £175 each.			
	6.	Received Cheque from S. Woolfold for his Account, less 2½% Discount. Paid Cheque to Bank.			
	7.	Poole Bros. returned Damaged Goods	3	9	9
	8.	Received Invoice from H. Standish for	74	13	6
	12.	Paid Rent by Cheque	17	0	0
	19.	Drew £25 from Bank and Paid £24 7s. 6d. in Cash for Wages			
	20.	Paid Whitechurch Bros. a Cheque for their Account, less 2½% Discount.			
	21.	Sold, for a Cheque, a Motor Van	150	0	0
	22.	Received Invoice from Whitechurch Bros.	42	10	0
		Paid Carriage in Cash	1	2	6
	25.	Received Credit Note from Whitechurch	2	5	0
	26.	Paid for Repair of Motor Van in Cash		15	0
	28.	Drew from Bank for Private use	10	0	0

EXERCISE 68A

On February 28th the value of the Stock was £608.

EXERCISE 69

Wm. Stone

On 31st October, 19—, Wm. Stone's position was as follows :—Assets : Cash at Bank, £559 16s. 8d. ; Wm. Smith, Debtor, £97 10s. ; Green & Co, Debtor, £68 3s. 4d. ; Liability : G. Neil, Creditor, £25 10s. Find his Capital.

Transactions :

Nov.		£	s.	d.
1.	Bought Machinery by Cheque	400	0	0
1.	Bought Goods from G. Neil	103	10	8
2.	Drew from Bank for Office	25	0	0
4.	Bought Goods with Cash	5	0	0
6.	Bought Stamps with Cash	2	0	0
6.	Sold Goods to Wm. Brown	10	5	0
8.	Paid Cheque to Geo. Neil	25	10	0
10.	Sold Goods for Cash	26	3	0
10.	Banked	25	0	0
15.	Sold Goods to Wm. Smith	54	3	6
18.	Wm. Smith returns Goods	3	17	6
20.	Received and Banked Cheque from Green & Co.	50	0	0
22.	Bought Goods with Cash	20	0	0
27.	Received and Banked Cheque from Wm. Smith	97	10	0
27.	Bought from G. Neil, Goods	117	8	3
28.	Returned Goods to G. Neil	2	0	0
28.	Paid Rent by Cheque	12	10	0
29.	Sold Goods to Green & Co.	113	10	0
29.	They return Damaged	12	0	0
30.	Sold Goods for Cash	15	0	0
30.	Paid Rates by Cheque	10	0	0
30.	Paid into Bank	10	0	0
	Depreciation of Machinery	5	0	0
	Interest on Capital to be allowed	4	0	0

EXERCISE 69A

On November 30th the Stock of Goods was valued at £84.

EXERCISE 70

W. PHILIPS & SON

Balance Sheet May 1st, 1927

Liabilities		Assets	
Crs.	£		£
S. Yeats	50	Cash	50
T. Grant	120	Bank	1520
Capital	2406	Stock	750
		Drs.	
		J. Watson	74
		W. Brown	87
		T. Cairns	95
	£2576		£2576

			£	s.	d.
May	1.	Cash Sales	80	10	6
	2.	Paid into Bank	100	0	0
	3.	Sold to W. Black	52	12	6
	4.	Sold to W. Brown	18	9	0
	6.	Bought from T. Grant	160	8	0
	8.	Cash Sales	150	8	4
	9.	Paid into Bank	120	0	0
	12.	Received Cheque from Watson	72	0	0
		Discount allowed	2	0	0
	14.	Paid Cheque to T. Grant	115	0	0
		Discount he allowed	5	0	0
	15.	Sold to T. Cairns	29	12	10
	16.	Drew Cheque for Wages	80	10	0
	17.	Paid Trade Expenses, Cash	10	12	9
	18.	Bought Goods from W. Blackie	70	18	3

(*Continued*)

			£	s.	d.
May	19.	Drew Cheque for Self	150	0	0
	22.	Sold Goods to T. Ord	14	5	9
	24,	Received Cheque from Cairns	92	0	0
		Discount allowed	3	0	0
	28.	Paid S. Yeats amount owing			
		Less 5% Discount			

EXERCISE 70A

On May 31st the value of the Stock was £800.

EXERCISE 71

S. Yeats

Balances on March 1st.

Cash in hand £15 10s. 7d.; Bank £230 9s. 4d.; Stock £480 9s. 6d.; Motor Lorries £150.

Drs.: J. Carstairs £16 15s.; W. Hart £24 10s.

Crs.: Sangster & Co., £180 12s. 7d. Find Capital A/c Balance.

Transactions:

			£	s.	d.
Mar.	2.	Sold Goods to W. Philip & Sons	27	8	4
	3.	Cash Sales	100	0	0
	3.	Paid Cash into Bank	90	0	0
	4.	Paid Trade Expenses, Cash	7	10	0
	5.	Drew Cheque for Self	25	0	0
	5.	Drew Cheque for Wages	70	0	0
	6.	Sold Goods to J. Carstairs	74	8	6
	7.	Bought Goods from Allen & Co.	65	0	0
	9.	J. Carstairs Paid by Cheque	16	10	0
		Discount allowed him		5	0
	10.	Bought Goods from T. Edgar	130	18	9
	11.	Sold Goods to W. Philip & Sons	36	7	9
	12.	Drew Cash from Bank	35	0	0
	13.	Paid in Cash, Trade Expenses	17	12	6

			£	s.	d.
Mar.	13.	Drew Cash for Self	20	0	0
	15.	Sold Goods to J. Carstairs	167	12	6
	16.	Drew Cheque for Wages	75	0	0
	18.	W. Philip & Sons paid by Cheque	26	0	0
		Discount allowed them	1	8	4
	19.	Sold Goods to T. Green	66	14	10
	20.	W. Hart's Account written off as Bad Debt	24	10	0
	23.	Paid Cheque to Sangster & Co.	178	0	0
		Discount they allowed	2	12	7
	25.	Wrote off Depreciation on Motor Lorries	7	0	0

EXERCISE 71A

On May 31st Stock on hand was worth £420.

EXERCISE 72

Wm. Dorritt

On April 1st Thomas Dorritt lent his son William £100 to commence business as a coal merchant. Write up Cash Book and other books of Wm. Dorritt. Prepare Profit and Loss Account and Balance Sheet April 30th.

Transactions:			£	s.	d.
April	2.	Bought Office Furniture for Cash	15	0	0
	2.	Bought Horse and Cart for Cash	32	0	0
	2.	Bought from Central Collieries Ltd., Coal	52	16	8
	3.	Sold to T. Barnacle 1 ton 5 cwts. Coal @ 18s. per ton and delivery 2s. 6d.			
	4.	Sold to R. Clennam, Coal	2	16	8
	6.	Paid Wages £1 15s. 8d. and Expenses		17	0
	6.	Sold for Cash	12	16	4
	9.	Sold to T. Barnacle 2 tons 15 cwts., @ 22s. per ton			

(*Continued*)

		£	s.	d.
April 10.	Bought of Central Collieries Ltd., Coal	36	4	7
11.	R. Clennam paid	2	16	0
	Discount allowed			8
12.	Allowed T. Barnacle discount of 1s. per ton on Sales to him and he paid net amount due.			
13.	Sold Coal for Cash	15	12	6
15.	Bought Coal for Cash	10	0	0
16.	Paid Central Collieries Ltd. . .	52	10	0
	Discount		6	8
17.	Sold to R. Rigand, Coal . . .	2	14	8
20.	Sold Coal for Cash	18	14	9
20.	Paid Wages	3	16	0
20.	Paid Expenses	1	5	0
25.	Bought from Central Collieries Ltd., Coal	37	4	6
27.	Sold Coal for Cash	14	18	9
27.	Sold R. Rigand, Coal . . .		15	0
30.	Paid Office Rent and cleaning . .	3	3	0
30.	Paid T. Dorritt one month's interest on loan		8	4

EXERCISE 72A

On April 30th the following valuations were made:

	£
Office Furniture	14
Horse and Cart	30
Stock of Coal	80

EXERCISE 73

Peter Baxter

On 2nd December, 19--, Peter Baxter's affairs were as follows:—Cash in hand, £905 0s. 6d.; Stock on hand,

£379 16s. 6d.; Fixtures, £100; Horses and Carts, £150; James Simpson owed him £82 5s.; and Horace Walpole owed £69 7s. 3d. On the other hand he owed to John Preston £232.

19—			£	s.	d.
Dec.	5.	Purchased from J. Preston, Coal	45	17	6
	6.	Sold to James Simpson 10 tons Coal @ 25s. per ton. 5 tons of Coal at 24s. per ton.			
	8.	Sent Cash to J. Preston	58	10	0
		Discount allowed	1	10	0
	9.	Paid Rates from Cash	5	17	6
	10.	Received Cash from J. Simpson on Account	50	0	0
	12.	Sold to H. Walpole 7 tons Coal @ 24s. per ton			
	13.	Received Cash from H. Walpole	68	0	0
		Discount allowed	1	7	3
	16.	Purchased from J. Preston 100 tons of Coal @ 15s. per ton.			
	20.	Sent J. Preston Cash	100	0	0
		Discount Received	5	0	0
	21.	Purchased from J. Preston, Coal	44	10	0
	22.	Paid Wages	27	10	0
	23.	Received Gas Account	4	7	6
	24.	Drawn for Personal Use, Cash	5	0	0
	29.	Sold for Cash 50 tons of Coal @ 22s. 6d. per ton.			
	30.	Sent J. Preston, Cash	44	5	0
		Discount Received	1	12	6
	30.	Sold H. Walpole 20 tons of Coal @ 25s. per ton.			
	30.	Received from J. Simpson, Cash	30	0	0
		Discount allowed	2	5	0
	31.	Received Cash for a Bad Debt previously written off	15	15	0
	31.	Depreciation of Fixtures	3	0	0
	31.	Depreciation of Horses and Carts	5	0	0

EXERCISE 73A

On January 31st the Stock was valued at £500.

EXERCISE 74

J. TRAIL

On June 1st the following were the balances in his Books: Cash, £45; Stock, £520; W. Carstairs, £65 10s. (Debtor); T. Nelson & Sons (Debtor) £84; G. Thomson (Creditor), £100; W. Craig (Creditor) £17.

Find the Capital Account Balance.

			£	s.	d.
June	2.	Sold Goods to J. Shield	64	0	0
	3.	Sold Goods to W. Carstairs	89	12	7
	4.	Cash Sales	125	0	0
	5.	Bought Goods from C. Thomson	34	0	0
	6.	Paid Wages in Cash	25	0	0
	7.	Received Credit Note from Thomson	4	0	0
	7.	Paid Trade Expenses	16	10	0
	8.	Sold Goods to W. Carstairs	46	13	9
	10.	T. Nelson & Sons settled their Account by Cheque	83	0	0
	12.	Sent a Credit Note to Carstairs	3	10	0
	13.	Bought Goods from W. Craig	63	0	0
	14.	Paid to W. Craig Cash	16	10	0
		He allowed Discount		10	0
	20.	Paid Wages in Cash	30	0	0
	23.	Paid T. Nelson & Sons Cheque to G. Thomson.			
	24.	Drew Cash for Self	20	0	0
	25.	J. Shields became Bankrupt and paid his Creditors 15s. in the £; received cash and wrote off the balance of his account.			

EXERCISE 74A

On June 30th the value of the Stock was £350.

EXERCISE 75

T. Aitken

Balances in Books, June 1st: Cash, £16 10s. 6d.; Bank, £235 18s. 9d.; Stock, £280; Debtors: W. Small, £116 19s.; T. Blake, £35 12s.; J. Granston, £12 9s.; Creditor: General Supplies, Ltd., £120 10s.

Journalize and find Capital.

			£	s.	d.
June	1.	Sold Goods to Chambers & Co.	17	8	0
	1.	Cash Sales	65	0	0
	2.	Paid Cash to Bank	60	0	0
	4.	Purchased Goods by Cheque	38	0	0
	7.	Sold Goods to W. Small	27	18	0
	8.	Sold Goods to Chambers & Co.	16	9	0
	10.	Chambers & Co. returned Goods	2	9	0
	12.	Drew Cheque for Self	15	0	0
	15.	Sold Goods to T. Blake	6	8	4
		Paid Trade Expenses by Cash	7	4	0
		Paid Wages by Cheque	9	12	0
	20.	J. Granston became Bankrupt, and his Estate paid 10s. in the £. Received Cheque for	6	4	6
	22.	Cash Sales	100	0	0
	24.	Bought Goods from N. E. Welding Co.	64	0	0
	25.	Paid Cash to Bank	90	0	0
	26.	Return Goods bought on 24th	3	0	0
	27.	W. Small paid me by Cheque amount owing June 1st, less 2½% Discount			
	28.	Paid Wages by Cheque	20	0	0
		Paid Trade Expenses by Cash	5	10	0
	29.	Paid General Supplies, Ltd., by Cheque amount owing to them on on June 1st, less 2½% Discount.			

EXERCISE 75A

On June 30th the Stock was valued at £200.

PRO FORMA TRADING ACCOUNTS

First Arrangement (obtained by direct transfers)

Dr.	TRADING ACCOUNT FOR YEAR ENDING.....		*Cr.*
	£		£
To Stock (beginning)	000	By Sales	000
,, Purchases ..	000	,, Returns *Out* ..	000
,, Returns *In* ..	000	,, Stock (at closing date)	000
,, (Gross Profit)		,, (Gross Loss)	
	£000		£000

Second Arrangement.

Dr.	TRADING ACCOUNT FOR YEAR ENDING.....			*Cr.*	
	£	£		£	£
To Stock (beginning)		000	By Sales		000
,, Purchases ..	000		,, Less Returns *In*	000	
Less Returns *Out*	000				—000
		—000	,, Stock (at closing date) ..		000
(Gross Profit)			(Gross Loss)		
		£000			£000

Third Arrangement.

Dr.	TRADING ACCOUNT FOR YEAR ENDING.....			*Cr.*	
	£	£		£	£
To Stock (beginning)		000	By Sales		000
,, Purchases ..	000		Less Returns *In*	000	
Less Returns *Out*	000				—000
		—000			
		000			
Less Stock (at close)		000			
Cost of Goods sold		000			
(Gross Profit)			(Gross Loss)		
		£000			£000

SECTION IV

EXERCISES DEALING WITH "FINAL" ACCOUNTS

From the information given, it is required that a Trading Account, a Profit and Loss Account and a Balance Sheet be shown.

From the first two Trial Balances, a "Skeleton" Ledger might be written. By direct entries, the Trading Account and the Profit and Loss could be compiled.

Upon a separate sheet of paper, by working through the Ledger and using the Open Accounts, a Balance Sheet could be prepared.

EXERCISE 76

JOHN BROWN

Trial Balance, December 31st, 1921

	Dr.	*Cr.*
	£	£
John Brown Capital Account		740
John Brown Drawings Account	130	
Premises	300	
Plant and Machinery	200	
M. Land & Co.	65	
R. Crossley & Son		75
Discounts received		15
Purchases	400	
Returns Outward		20
Sales		750
Stock, January 1st, 1921	250	
Sales Returns	30	
Rent and Rates	60	
Sundry Expenses	15	
Wages	50	
Cash in hand	10	
Cash at Bank	90	
	£1,600	£1,600

Stock valued at £450 on December 31st, 1921.

U.L. & C.I.

EXERCISE 77

Trial Balance, December 31st, 19—

J. HEMMING	*Dr.*	*Cr.*
	£	£
J. Hemming Capital Account		1,000
J. Hemming Current Account	30	
Carried forward	30	1,000

	£	£
Brought forward	30	1,000
Office Furniture	50	
Bank Overdraft		50
Stock	1,000	
Purchases	3,000	
Sundry Debtors	1,700	
Sundry Creditors		700
Discount	70	
Carriage	100	
Salaries	30	
Office Expenses	10	
Sales		4,500
Rent, Rates, &c	30	
Fire and Light	10	
Advertising	10	
Cash	15	
Loan to James Thompson	195	
	£6,250	£6,250

Stock of Goods in Warehouse on December 31st, 19—, was valued at £271 10s.

EXERCISE 78

J. Hargrave

Trial Balance, December 31st, 19—

	Dr.			*Cr.*		
	£	s.	d.	£	s.	d.
Capital Account				1,201	2	6
Stock, December 31st, 1922	900	0	0			
Freehold Property	360	0	0			
Furniture	36	0	0			
C. Boswell				552	0	0
R. Graham				246	10	6
J. Lyons	384	10	0			
Bennett Bros.	172	11	6			
Carried forward	1,853	1	6	1,999	13	0

	£	s.	d.	£	s.	d.
Brought forward	1,853	1	6	1,999	13	0
Salaries	94	6	8			
Travelling Expenses	50	6	2			
Advertising	100	0	0			
Carriage on Sales	10	0	0			
Discounts received				40	0	0
Purchases	192	0	0			
Sales				800	0	0
Returns "In"	50	0	0			
Returns "Out"				15	0	0
Cash at Bank	484	17	6			
Cash in hand	20	1	2			
	£2,854	13	0	£2,854	13	0

Stock was valued at £400 on December 31st, 19—

EXERCISE 79

J. Smith

Trial Balance

Debit Balances	£	s.	d.	*Credit Balances*	£	s.	d.
Drawings Account	400	0	0	Capital Account	2,500	0	0
Fixtures and Fittings	100	0	0	Sales Account	6,991	15	6
Wages	500	16	8	Sundry Crs.	720	19	8
Trade Expenses	200	7	9	Discounts Received	79	15	0
Stock, Jan. 1	1,250	10	0				
Rent	200	0	0				
Discounts Allowed	150	2	9				
Sundry Drs.	2,162	17	6				
Cash at Bank	310	10	6				
Cash in hand	17	2	6				
Purchases	5,000	2	6				

Stock was valued on December 31st at £1,000 2s. 6d.

EXERCISE 80

TRIAL BALANCE OF J. MELTON September 30th 1926.

	£	s.	d.	£	s.	d.
Purchases	2,796	14	3			
Premises	800	0	0			
Salaries	390	4	2			
Returns Inward	17	3	3			
Sales				4,003	6	3
Rent Rates	63	17	3			
Sundry Debtors	421	6	3			
Sundry Creditors				570	6	3
Returns Outward				14	0	9
Discount (balance)	22	6	3			
General Expenses	121	4	7			
Stock (July 1st, 1926)	880	6	2			
Cash in hand	87	9	6			
Capital Account				1,012	18	5
	£5,600	11	8	£5,600	11	8

The Stock on hand on September 30th, 1926, was valued @ £950 4s. 7d.

EXERCISE 81

TRIAL BALANCE DECEMBER 31st R. NEIL

	Dr. £	Cr. £
Stock, January 1st	980	
Purchases	2,465	
Debtors	640	
Machinery	1,000	
Wages	350	
Carriage	65	

	£	£
Trade Expenses	43	
Salaries	230	
Returns "In"	85	
Cash	105	
Rent	86	
Creditors		619
Sales		3,615
Capital		1,724
Returns "Out"		76
Discount		15

Stock valued at £1,029 on December 31st.

PRO FORMA BALANCE SHEET

BALANCE SHEET OF (————) (date).

Liabilities.	£	*Assets.*	£
(Bank Overdraft)		Cash	
Creditors		Bank	
Bills Payable		Stock	
Accounts owing		Debtors	
Capital:		Bills Receivable	
Original Capital		Furniture and Fittings	
+ Net Profit and Interest		Machinery	
− Drawings		Premises	
		Land and Buildings	
		Accounts Prepaid	
	£		£
These Accounts have "Cr." balances.		These Accounts have "Dr." balances.	

SECTION V

EXERCISES DEALING WITH SPECIAL POINTS

Namely :

(*a*) Bills of Exchange.
(*b*) Adjustment and Final Accounts.
(*c*) Consignment Accounts.
(*d*) Tabular Books.
(*e*) Purchasing a Business.
(*f*) Company Trading Books.

EXERCISE 82

Rule out the following forms and enter headings as shown.

BILLS RECEIVABLE BOOK

No. of Bill	Date received	From whom received	Drawer	Acceptor	Where payable	Date of Bill	Term	Date due including days of grace	Folio in Sales Ledger	Amount of Bill

BILLS PAYABLE BOOK

No. of Bill	Date accepted	Drawer	Acceptor	To whom payable	Where payable	Date of Bill	Term	Due Date	Folio in Bought Ledger	Amount

Questions :—

(*a*) Explain "The Bills Receivable Book is like a Purchases Book."
(*b*) Explain "The Bills Payable Book is like a Sales Book."
(*c*) Explain the following terms: Drawer, Acceptor, Due Date, Days of Grace.
(*d*) What are the important columns in the above forms? Write short forms of these books.

EXERCISE 83

On March 1st, 19--, Daniel Ellis of Liverpool drew a bill on Frederick Green, Manchester, for £599 payable three months after date. Green accepted the bill making it payable at the County Bank, Manchester. Make out the bill, mark the stamp duty and show Green's acceptance. What record did Ellis make in his books?

EXERCISE 84

Daniel Ellis endorsed the above bill to R. Weston of Bristol. Show this endorsement and what record does Ellis make in his books.

EXERCISE 85

What is the due date of this bill? On this day, the bill was met by the County Bank. What do they do with the bill and what record does Frederick Green make in his books. From what book does F. Green get information that the bill was paid.

EXERCISE 86

On December 11th T. Smith discounted with G. Hirst a six months bill for £105 which he had drawn on October 1st, on L. Rhodes and received cash £100. When the bill fell due, it was dishonoured but was taken up three days later. Show by means of Journal entries how these transactions would be recorded in Smith's books being careful to insert the correct dates.

What was the amount of the stamp duty?

EXERCISE 87

J. King

On May 1st J. King had the following balances in his books: Dean Bros. (*Dr.*), £124; Gate & Co. (*Cr.*), £146; Stock £721; Bank (Dr.), £710; Cash, £16; Bill Receivable, £86; Bill Payable, £74.

1926.			£
May	2.	Discounted Bill at Bank for	84
	4.	Cash Sales for Cheque	24
	5.	Endorsed above Cheque to Landlord for Rent	
	7.	Received Dean Bros. acceptance for at two months	124
	10.	Sold to Dean Bros. Goods worth	176
	11.	Accepted Gate & Co. draft for	146
	12.	Sent Dean Bros. a Credit Note for	7
	16.	Bought of Gate & Co—Goods	121
	16.	Paid Railway Carriage on these in Cash	2
	17.	Paid Trade Expenses by Cheque	14
	18.	Drew Cash from Bank	15
	18.	Gate & Co. allowed for shortage in Goods bought on 16th inst.	3
	19.	Cash Sales	20
	19.	Paid Wages in Cash	15
	20.	Discounted Dean's acceptance at Bank, being charged £4 discount.	
	20.	Bought Shop Fittings by Cheque	35
	22.	Dean Bros. bought Goods	84
	24.	Dean Bros. paid a Cheque of	164
		Being allowed discount of	5
	25.	J. King drew by Cheque	30
	26.	Paid Gate & Co. by Cheque	115
		Discount allowed	3

EXERCISE 87A

Draw out Trial Balance for May 30th.

Prepare Trading and Profit and Loss Accounts for month ending May 30th.

Allow Interest on Capital at 5% per annum for one month.

Reserve £15 for Carriage of Goods outstanding. Stock on hand valued at £635.

N.B. Enter adjustments into the proper accounts in the Ledger.

EXERCISE 88

Show by means of Journal entries the account entries to record the following transactions.

1927.

May 1. Received of D. Ross, my draft upon him at 3 month's date £200, duly accepted.

2. Received Promissory Note from T. Cooper at 2 months, £100.

4. Received from P. Ledingham his draft upon Beckett & Co. at 30 days' sight, £250. Beckett & Co. sighted Draft this day.

5. Received Cash from G. Peters for his P/N due to-day, £50.

6. Accepted Ritchie Bros. Draft upon me at 3 month's date, £200.

7. Retired by Cheque my Bill in favour of J. Wright due to-day, £60.

8. Received of J. Ellis my draft upon him at 2 months' date, £300, duly accepted.

10. Honoured my acceptance in favour of Jarves & Co. due to-day by Cheque, £100.

11. Advised Bank to retire my Bill given to Hill & Son for £200, due to-morrow.

12. Drew on R. Rae at 3 months, £200.

14. Paid into Bank Bill due this day, £300.

15. R. Rae returned my draft duly accepted.

EXERCISE 89

What is a Bill of Exchange? Prepare a Bill of Exchange from the following particulars :

No. of Bill . .	. 166.
Amount of Bill .	. £100.
Date of Drawing .	. February 10th.
Tenor of Bill .	. Three Months.
Drawer and Payee	. F. G. Sterling, Northampton.
Acceptor . .	. H. P. Gold, Bedford.
Place of Payment	. United Kingdom Bank, Kettering.

EXERCISE 90

John Smith received the following acceptances:

Oct. 1. M. Kelly at 3 months' date . . . 100
15. G. Brown at 4 months' date . . . 250
31. R. Neil at 3 months' date . . . 75

Enter them into his Bill Book and post the Ledger Accounts from it.

On October 7th he discounted Kelly's acceptance at bank, being charged discount 5% per annum.

On October 16th he discounted Brown's acceptance on the same terms.

On November 1st he endorsed Neil's acceptance to G. Roberts. Show the entries for these transactions.

EXERCISE 91

Enter the following transactions in the Bill Books of G. Wills, and post to Ledger Accounts.

Oct. 2. E. Davies accepted his draft at 3 months' date for £90.
3. He accepted the draft of G. Crow for £150 at 2 months' date.
3. Received from R. Steel his acceptance at 3 months' date for £150.
5. Drew Bill on W. Dean at 2 months', and he accepted, for £210.
7. R. Philips drew on him at 3 months' date for £200, and he accepted.

EXERCISE 92

On October 2nd G. Wills drew on E. Davis for £90 at 3 months' date, and he accepted.

On October 3rd G. Wills discounted this bill at Bank, being charged 5% per annum discount.

At the due date E. Davis dishonoured the bill. The Bank paid Noting charges of 10s. 6d. What entries does G. Wills make in his books regarding these transactions?

EXERCISE 93

John Bull

On June 30th, 1927, the books of J. Bull showed the following balances :—Cash at Office, £57 10s. ; Bank, £3,275 ; Stock, £1,234 ; Bills Receivable, £168 10s. ; Bill Payable (due July 15th), £325 ; Balance due by B. Clive, £250 ; by J. Cook, £175 ; by C. Rhodes, £365 ; Balance due to Pitt & Son, £200. Find his Capital.

1927.			£	s.	d.
July	1.	Sold Goods to J. Cook . . .	87	10	0
	3.	Received from B. Clive, Cash . .	156	0	0
		Allowing Discount of £4			
	4.	C. Rhodes accepted our draft at three months for	240	0	0
	6.	Sold Goods to C. Rhodes . . .	135	0	0
	6.	Bought Goods of Pitt & Sons . .	315	0	0
	9.	Paid Pitt & Sons, by Cheque . .	190	0	0
		Being allowed Discount of £10			
	9.	Sold Goods to B. Clive . . .	96	15	0
	9.	Received from J. Cook, Cheque .	220	0	0
		Allowing Discount of £5.			
	14.	Discounted Bill Receivable . .	168	10	0
		Banker charging £3 10s. discount			
	15.	Cash Sales to date	275	0	0
	15.	Paid Bill Payable due this day by Cheque	325	0	0
	15.	Sent to Bank	425	0	0

			£	s.	d.
July	20.	Accepted Pitt & Sons draft at three months	250	0	0
	20.	Sold Goods to C. Rhodes . .	76	5	0
	25.	C. Rhodes paid to our Account at Bank	100	0	0
	25.	Bought Goods of Pitt & Sons and paid by Cheque	285	15	0
	30.	J. Cook is insolvent and pays composition of 12s. in the £ Cash received being	22	10	0
	31.	Sold Goods for Cash to this date .	315	0	0
	31.	Sent to Bank	285	0	0
	31.	Paid Wages	37	10	0
	31.	Paid Salary of Clerk by Cheque .	12	10	0

EXERCISE 93A

On July 31st the Stock on hand was valued at £975. Write a Trading Account and a Profit and Loss Account and show Balance Sheet as on that day.

EXERCISE 94

Henry Clay

February 1st, 19—.

Assets :—Cash, £13 4s. 7d. ; Bank, £287 13s. 6d. ; Bill Receivable due 22nd February, £55 ; J. Watson, £18 14s. 11d. ; W. Diver, £48 10s. 1d. ; Office Furniture, £34 8s. 6d. ; Stock in hand, £487 15s.

Liabilities : Stephen Hurst, £175 14s. 3d. ; D. Haynes, £263 5s.

Transactions for the month :—			£	s.	d.
Feb.	1.	Sold Goods to J. Watson . . .	120	2	6
	2.	Received Bill of Exchange at two months from Wm. Diver . . .	48	10	1
	4.	Bought Safe for Office, paid Cheque.	10	0	0

			£	s.	d.
Feb.	7.	Sold Goods to P. Gibbs for Cash .	57	10	0
	7.	Paid into Bank	60	0	0
	10.	Drew Cheque for Office Cash . .	30	0	0
	10.	Paid Wages and Salaries in Cash .	18	15	8
	12.	Bought Goods from S. Hurst . .	48	10	6
	13.	Paid D. Haynes by Cheque to settle Account	252	0	0
	16.	Received Cash from J. Watson and paid to Bank. Allowed Discount 10s. 11d.	18	4	0
	19.	Sold Goods to Wm. Diver . .	64	3	7
	21.	Gave S. Hurst on Account my acceptance	144	4	8
	21.	Paid into Bank B/R due on 22nd			
	24.	Bought Goods for Cash . . .	17	0	0
	24.	Paid Rates by Cheque . . .	10	10	0
	24.	Wm. Diver returned Goods . .	12	3	0
	28.	Drew Cheque for Private Purposes .	15	10	0
		Charge Depreciation of Office Furniture	1	8	6
		Carriage due but not paid . .	5	16	9

Draw out Trial Balance as on February 28th.

EXERCISE 94A

Write a Trading Account and a Profit and Loss Account and show a Balance Sheet as on February 28th. Stock on hand being worth £419 4s. 3d.

EXERCISE 95

T. Beardmore

Enter into proper subsidiary books, using Bill Books. Extract a Trial Balance. ~~Close the Accounts and show a Balance Sheet as on December 31st.~~

On December 1, 1927, his financial position was :

Assets :—Cash, £20 ; Bank, £320 ; Stock, £400 ; Bills Receivable (No. 25, J. Watson's acceptance, £120 ; No. 26,

W. Clark's acceptance, £200). Sundry Drs., J. Watson, £70; W. Clark, £200.

Liabilities:—Bills Payable, No. 5, £120 (drawn by W. Gilbey). Sundry Crs., T. Johnson, £80; W. Gilbey, £130.

1927.			£	s.	d.
Dec.	2.	Bills Receivable No. 25 met at Bank.	120	0	0
	3.	Sold Goods to Clyde Steamers, Ltd. .	70	0	0
	4.	Cash Sales (kept in office). . .	100	15	0
	5.	Paid Cash into Bank . . .	80	0	0
	7.	Bill Payable No. 5 due to-day paid at Bank	120	0	0
	9.	J. Watson accepted my Bill of Exchange for	70	0	0
	12.	Sold Goods to W. Clark . . .	130	12	6
	13.	Clyde Steamers, Ltd., gave me their acceptance at 3 months for . .	70	0	0
	15.	I accepted T. Johnson's Bill of Exchange for	80	0	0
	18.	Bought Goods from W. Gilbey . .	60	18	9
	19.	Bought Goods by Cheque . .	65	0	0
	20.	Sold Goods to J. Watson.. . .	30	5	6
	22.	Sold Goods to W. Clark . . .	46	12	4
	23.	Bought Goods from W. Gilbey . .	17	10	0
	24.	Bill Receivable No. 26 duly met at Bank	200	0	0
	24.	Drew Cheque for Self . . .	30	0	0
	24.	Drew Cheque for Cash . . .	20	0	0
	25.	Paid Trade Expenses in Cash . .	12	0	0
	26.	W. Clark paid me a Cheque . .	70	0	0
		Discount allowed to him . . .	2	0	0
	26.	Paid W. Gilbey a Cheque . .	127	0	0
		He allowed Discount of . . .	3	0	0
	27.	Sold Goods to W. Clark . . .	46	10	0
	27.	Paid Wages by Cheque . . .	100	0	0
	28.	Paid Cash into Bank . . .	40	0	0
	29.	Bought Machinery by Cheque . .	300	0	0
	30.	Discounted Clyde Steamers, Ltd., Bill of Exchange for £70 at the Bank. Discount charged, 15s.			

EXERCISE 95A

Write a Trading Account and a Profit and Loss Account, the Stock on hand on December 31st being worth £300. Show a Balance Sheet for that day.

EXERCISE 96

On July 1st, J. Hardwick held the acceptance of F. Ladel for £373 2s. 8d., and it was due on the 28th. On that day F. Ladel asked for a renewal and he accepted a draft for £376 4s. 8d. at two months to cover the old bill and interest on it.

Show the entries Hardwick would make in his Books and those which Ladel would make in his.

EXERCISE 97

Explain "Noting Charges."

G. Macdonald held a bill for £100 accepted by P. Blank and payable at Lloyd's Bank, Nottingham, on March 1st. Macdonald's bankers informed him on March 3rd that the bill had been dishonoured and that they had paid noting charges of 10s. 6d.

What entries should be made with reference to the bill in Macdonald's Books ?

EXERCISE 98

Explain "Contingent Liability."

On January 1st R. Watson had bills in hand amounting to £70, and there was a contingent liability of £20 for a bill discounted at Bank. On January 3rd, the Bank informed Watson that this bill for £20 had been dishonoured by the acceptor, T. Whitely.

Show the Bills Receivable Account of R. Watson, and the record for the January 2nd transaction.

EXERCISE 99

G. Glover drew a bill on February 17th for £400 on W. Fox, payable in six months. This was accepted payable at Midland Bank, Leeds, and discounted by Glover @ 4%. Sketch the bill and make entries in his Bill Book. Calculate Discount @ 6 months. Fox dishonoured this bill at due date and it was returned from Bank to Glover, noting charges 5/– being paid. Fox afterwards paid £200 on Account and Glover drew on him for the balance @ 3 m/d, charging interest @ 5% on the balance and for stamp and noting charges. Show entries for the new Bill.

EXERCISE 100

A bill at 6 m/d for £1,000 accepted by Brown on September 1st for Goods purchased from Jones is discounted by him with the Bank @ 5%. The bill is dishonoured at maturity, the expenses of noting, &c., paid by Jones being 5/–. Brown pays on Account £300 in cash, and to square the transaction gives acceptances for £710 to cover the balance, interest, stamp and noting, one bill being for £400 @ 2 m/d, and the other £310 @ 3 m/d. Pass the entries through Jones' Books including the Bill Book.

EXERCISE 101

Mack & Co.

On October 1st the following were the balances in the books of Mack & Co.

Bank Account, £400; Bills Receivable Account, £581 (due October 10th, £200, due October 28th, £150 and others); Debtors: Baird & Co., £159; Lewis & Co., £78; Creditors: Wills & Son, £250; B. Firth, £153; Plant and Furniture, £500; Stock, £1,000.

Find and Credit Capital.

Transactions for month :			£
Oct.	2.	Sold Goods to Lewis & Co.	764
	3.	Received their Acceptance at 1 month	764
	3.	Bought Goods from B. Firth	425
	7.	Discounted Bill received at Bank	200
		Discount Charged by Bank	4
	8.	Drew Cheque for Office Cash	25
	8.	Paid Trade Expenses in Cash	16
	9.	Drew Cheque for Wages	35
	10.	Bank returned Bill discounted on 7th instant dishonoured. By arrangement with R. Robb he gave a Cheque for £54 and accepted a new B/E for £150 to cover dishonoured Bill and Interest on his Account.	
	12.	Paid Wills & Son a Cheque on Account	100
	12.	Accepted Draft of Wills & Son	150
	14.	Bought Goods of B. Firth	360
	15.	Sold to Baird & Co	245
	16.	Received Credit Note from B. Firth	41
	17.	Paid Cheque to B. Firth	420
		Discount allowed	5
	18.	Received Cheque from Baird & Co.	237
		Discount allowed	8
	19.	Paid Carriage Account	53
	24.	Sold Goods to S. Lane for Cash.	130
	25.	Paid into Bank	100
	26.	Lewis & Co. arranged to renew their acceptance for one month, which is due on 28th, for £150. Interest charged £1. They accepted a New Bill for £151.	
	31.	Depreciation on Plant	10
	31.	Carriage due	25
	31.	Wages unpaid	30
	31.	Interest to be allowed on Capital	25

EXERCISE 101A

Write a Trading and Profit and Loss Account and show a

Balance Sheet as on October 31st, Stock on hand on that day being worth £1,491.

FINAL ACCOUNTS WITH ADJUSTMENTS

EXERCISE 102

Prepare Trading Account and Profit and Loss Account from balances given in the following Trial Balance arranging for the inclusion of the given adjustments. Write also a Balance Sheet showing the financial position of the business.

TRIAL BALANCE OF L. WORLESTON'S BOOKS. February 28th

	Dr.			*Cr.*		
	£	s.	d.	£	s.	d.
Cash	11	9	10			
Bank	905	7	6			
Discount	3	5	0			
Capital				1,435	11	2
Drawings	10	0	0			
Stock	376	8	8			
Purchases	117	3	6			
Sales				102	11	0
Returns In	3	9	9			
Returns Out				2	5	0
Motor Car Account	200	0	0			
Trade Expenses	43	15	0			
Crs.:						
S. Whitechurch				40	5	0
N. Standish				163	0	9
Dr.:						
Poole Bros.	72	13	8			
	£1,743	12	11	£1,743	12	11

Stock (February 28th) valued at £324 8s.; Expenses unpaid are £2 5s.; Allow depreciation on Motor Car, 15%; Reserve 5% on Dr. Account for possible discount. Show the Motor Car Account also.

EXERCISE 103

TRIAL BALANCE OF L. GATLEY'S BOOKS. April 30th.

	Dr.			*Cr.*		
	£	s.	d.	£	s.	d.
Cash	20	0	0			
Bank	662	8	4			
Stock	672	9	2			
Purchases	71	19	6			
Sales				194	18	7
Returns In	1	5	0			
Returns Out				23	10	0
Capital				1,414	15	9
Drs.:						
Longstone & Co.	24	14	3			
S. Wardley & Co.	77	3	7			
Rainhill Bros.	8	19	6			
Trade Expenses	100	10	0			
Discounts				6	5	0
	£1,639	9	4	£1,639	9	4

Stock (April 30th) valued at £608; Expenses outstanding, £7 10s.; Create a reserve of 5% on Sundry Dr. balances for possible discounts and Bad Debts.

Write the Trade Expenses as it would appear in the Ledger.

Make journal notes of the adjustments before writing Accounts.

EXERCISE 104

TRIAL BALANCE OF R. WAVERTREE. June 30th.

	Dr. £ s. d.	*Cr.* £ s. d.
Cash	8 14 3	
Bank	151 4 2	
Discount	2 15 5	
Capital		1,266 12 11
Stock	976 0 0	
Purchases	21 7 0	
Sales		50 12 0
Returns In	5 5 0	
Trade Expenses	25 2 0	
Motor Car Account	150 0 0	
Carriage Owing		6 15 0
Cr.:		
Darley Bros.		6 7 11
Commission		10 0 0
	£1,340 7 10	£1,340 7 10

Stock on hand (June 30th) valued at £963. Allow depreciation of Motor Car 10%; Allow Interest on Capital at 5% per annum for one month.

Show the Motor Car Account.

Journalize the adjustments before writing Accounts.

EXERCISE 105

Prepare Trading and Profit and Loss Accounts for the year ending 31st December, 19—, and Balance Sheet as on that date from the following particulars :—

	Dr. £	*Cr.* £
Stock, January 1st, 19—	5,000	
Purchases	9,000	
Sales		30,040

	£	£
Partners' Capital—Brown		25,000
Chadwick		12,000
Dearnley		12,000
Goodwill	10,000	
Wages	3,000	
Salaries	1,700	
Trade Charges	1,700	
Partners' Salaries	300	
Creditors—Open Accounts		6,000
Cash at Bank	2,560	
Bills Payable		3,800
Stock, December 31st	14,000	
Discounts Dr. Balance	200	
Loan Account—Alfred Sheard		13,000
Furniture	40	
Land and Buildings	46,600	
Sundry Debtors	7,000	
Cash in Hand	140	
Plant and Machinery	8,000	
Tools	500	
Drawings—Brown	500	
Chadwick	400	
Dearnley	200	
Patterns and Drawings	5,000	

The following adjustments are to be made :

1. Provide 5% for Depreciation of Plant and Goodwill.
2. Provide 15% for Depreciation of Tools.
3. Provide 5% for Reserve for Discounts and 5% for Reserve for Bad Debts.
4. Provide 5% for Interest on Loan and Capital Accounts.

The Partners are to share the Profit or Loss in the following ratio, viz. : — Brown, $\frac{1}{2}$, Chadwick, $\frac{1}{4}$; and Dearnley, $\frac{1}{4}$; while Chadwick and Dearnley are each to have a salary of £150 per annum. (*F.T.C.*)

EXERCISE 106

The Balances in the books of Jas. Ryding and Alfred

Ryding, trading as Thos. Ryding & Son, Wholesale and Retail Grocers, on December 31st, 19—, was as follows :

	£
Capital	4,000
Drawings, J. Ryding	250
A. Ryding	200
Cash in hand	75
Cash at Bank	392
Stock, July 1st, 19—	2,984
Fixtures and Fittings	565
Warehouse Premises	1,000
Horses and Vehicles	235
Rent, Rates and Taxes	412
Wages and Salaries	720
Insurance	52
General Expenses	198
Sundry Creditors	1,144
Sundry Debtors	433
Carriage	26
Bills Payable	75
Bills Receivable	115
Sales	6,227
Purchases	3,789

The following adjustments are to be made in the Accounts :

1. Allow Interest on Capital 5% per ann.
2. Depreciate Fixtures, &c., and Horses and Vehicles 6% per ann.
3. Reserve for Accrued Rent, £38.
4. Insurance is Prepaid, £12.

The Stock on December 31st, 19— was valued at £2,719.

The Partners hold the Capital in equal Shares and divide the Profits equally.

Prepare Trading and Profit and Loss Accounts for the half year ending December 31st, and show a Balance Sheet of the Business as on that date. (*F.T.C.*)

EXERCISE 107

The Trial Balance of Peter Piper's Books on December 31st, 19—, was as follows :

	£	£
Purchases and Sales	4,700	5,300
Rent	75	
Discounts		40
Cash at Bank	60	
Cash in hand	10	
Bills Receivable	90	
Bills Payable		150
Returns Inwards	400	
Returns Outwards		300
Stock at January 1st, 19—	600	
Capital at January 1st, 19—		2,000
Goodwill	400	
Rates	50	
Postage	17	
Drawings	500	
Trade Expenses	12	
Salaries	400	
Sundry Drs. & Crs.	400	145
Office Furniture	100	
Stationery and Printing	21	
Loan to Simple Simon	100	
	£7,935	£7,935

Prepare Trading and Profit and Loss Accounts and write Balance Sheet as on December 31st, 19—.

The Stock on December 31st, 19—, valued @ £1,500.

The following adjustments are to be made :

1. Depreciate the Goodwill by 10%.
2. Write off £20 from the Book Value of the Furniture.
3. Provide for one quarter's rent unpaid.
4. Provide for Rates and Taxes due, amounting to £8.
5. Provide for a reserve of 5% on Sundry Drs. for Discounts and Bad Debts.

Show the Accounts affected by these adjustments.

EXERCISE 108

Prepare Trading Account, Profit and Loss Account and Balance Sheet of Messrs. Fox and Freeman as on March 31st, 19—. Write Accounts showing the adjustments.

TRIAL BALANCE, MARCH 31ST, 19—

	Dr. £	*Cr.* £
A. Fox—Capital		4,000
J. Freeman—Capital		3,500
Stock in Trade	7,600	
Sundry Debtors	4,300	
Purchases	8,617	
Cash in hand	98	
Sales		20,214
Sundry Creditors		3,916
Returns Inwards	724	
Carriage Inwards	896	
Bad Debts	510	
Rent and Rates	617	
Bad Debts Reserved, April 1st, 19		500
General Expenses	1,317	
Plant, April 1st, 19—	5,000	
Discount	867	392
Additions to Plant, October, 19—	600	
Fox—Drawings	500	
Freeman—Drawings	600	
Salaries	700	
Wages	2,016	
Horses and Carts, April 1st, 19—	560	
Bank Overdraft		3,000
	£35,522	£35,522

Adjustments :

Reserve of 5% on Sundry Debtors for Bad Debts.

Plant to be Depreciated 10% per annum.

Wages owing March 31st, 19—, £138 : Rent prepaid March 31st, 19—, £65.

Horses and Carts valued at £500 ; Stock, Mar. 31st, 19—, £5,600
Interest on Capital to be charged @ 6% per annum.
Interest on Drawings, Fox, £12 ; Freeman, £14 .

EXERCISE 109

Joseph Hill and J. B. Clark are in partnership as Millers. Profits are shared as to two-thirds to J. Hill and one-third to J. B. Clark. Interest at 5% is allowed on capital, but no interest is charged on drawings. J. B. Clark is entitled to be credited with a salary of £300 per annum. The following Trial Balance was extracted from the books of the firm as on 31st December, 19—.

	Dr.			*Cr.*		
	£	s.	d.	£	s.	d.
J. Hill—Capital Account .				15,000	0	0
Drawings Account .	1,050	0	0			
Loan Account . .				5,000	0	0
J. B. Clark—Capital Account .				10,000	0	0
Drawings Account	728	0	0			
Purchases	26,220	0	0			
Purchases Returns . . .				1,172	0	0
Sales				42,976	0	0
Sales Returns . . .	84	0	0			
Freehold Mill	10,000	0	0			
Machinery and Plant (1st January, 19—) . . .	8,740	0	0			
New Machinery Purchased .	1,296	0	0			
Motor Lorries . . .	3,050	0	0			
Wages of Mill Hands . .	6,785	0	0			
Office Salaries . . .	1,942	0	0			
Stock (1st January, 19—) .	9,876	0	0			
Rates and Taxes (Mill, £172 ; Office, £19). . . .	191	0	0			
Sundry Debtors . . .	12,860	0	0			
Carried forward	82,822	0	0	74,148	0	0

	£	s.	d.	£	s.	d.
Brought forward	82,822	0	0	74,148	0	0
Sundry Creditors . . .				5,112	0	0
Cash in Hand . . .	276	0	0			
Bank Overdraft . . .				5,000	0	0
Coal and Lighting (Mill) . .	398	0	0			
Office Expenses . . .	321	0	0			
Travellers' Expenses and Commission	872	0	0			
Carriage Inwards . . .	294	0	0			
Bad Debt Reserve, 1st January, 19—				480	0	0
Discounts Account (Balance) .				42	0	0
Bad Debts	384	0	0			
Cash Sales				1,296	0	0
Insurance	179	0	0			
Office Furniture . . .	360	0	0			
Interest Account . . .	172	0	0			
	£86,078	0	0	£86,078	0	0

You are required to prepare Trading and Profit and Loss Accounts for the year ended 31st December, 19—, and a Balance Sheet as on that date.

In addition to the particulars given above, the following matters must be taken into consideration when preparing the Accounts:

(*a*) Depreciation is to be charged as follows:—Plant and Machinery (excluding the additions), 10%; Motor Lorries, 20%; Office Furniture, 5%.

(*b*) Make the Bad Debts Reserve up to £600.

(*c*) The Stock on hand as on 31st December, 19—, was valued at £12,486.

(*d*) Unexpired Insurance, as on 31st December, 19—, amounted to £38.

(*e*) J. Hill is entitled to 6% interest on his Loan Account, but no entries have been made in the books.

(*R.S.A.*)

EXERCISE 110

G. McArthur and C. Hayward are in partnership. Profits are to be divided as to three-fifths to McArthur and two-fifths to Hayward. Interest at 5% is to be credited on Capital Accounts, but no interest is charged on Drawings. Hayward is to be credited at the close of the year with £300 as a partnership salary.

You are required to prepare Trading and Profit and Loss Accounts for the year ended 31st December, 19—, and a Balance Sheet as on that date.

The Trial Balance set out hereunder was extracted from the books as on 31st December, 19—.

	Dr.			*Cr.*		
	£	s.	d.	£	s.	d.
G. McArthur, Capital Account				15,000	0	0
G. Hayward, Capital Account				5,000	0	0
Partners' Drawings (McArthur £50 and Hayward £40 per month)	1,080	0	0			
Loan Account (W. R. Smith)				2,000	0	0
Machinery and Plant	8,540	0	0			
Office Furniture	540	0	0			
Sundry Debtors	10,860	0	0			
Sundry Creditors				1,192	0	0
Purchases and Sales	16,894	0	0	35,411	0	0
Returns Inwards and Outwards	142	0	0	324	0	0
Rent and Rates (Office, £210; Warehouse, £582)	792	0	0			
Advertising	1,268	0	0			
Cash at Bank	1,102	0	0			
Cash in Hand	18	0	0			
Bills Receivable and Payable	986	0	0	2,104	0	0
Stock (1/1/19—)	3,896	0	0			
Warehouse Wages	4,287	0	0			
Office Salaries	1,894	0	0			
Warehouse Room Sublet				120	0	0
Carried forward	52,299	0	0	61,151	0	0

	£	s.	d.	£	s.	d.
Brought forward	52,299	0	0	61,151	0	0
Carriage (Inwards, £662 ; Outwards, £896) . . .	1,558	0	0			
Travellers' Salaries and Commission	3,241	0	0			
Interest Account . . .	72	0	0			
Bad Debts	301	0	0			
Motor Lorries . . .	2,860	0	0			
Showroom Fittings . . .	820	0	0			
	£61,151	0	0	£61,151	0	0

When preparing these Accounts, the following matters must be taken into consideration :—

(*a*) Depreciation must be provided as follows : Machinery and Plant, 10% ; Office Furniture, 5%.

(*b*) The following valuations were made as on 31st December, 19— :—Stock, £4,458 ; Showroom Fittings, £760 ; Motor Lorries, £2,431.

(*c*) No entry had been made with regard to C. Hayward's salary.

(*d*) Interest at 6% on the Loan Account for the half-year to 31st December had accrued due, but no entries had been made.

(*e*) No provision had been made for Warehouse Wages, £32 ; and Office Salaries, £90 ; which had accrued due on 31st December.

(*f*) A Reserve for Bad Debts equal to 5% on the Sundry Debtors is to be created.

(*R.S.A.*)

CONSIGNMENTS EXERCISES

EXERCISE 111

On January 1st, W. Smith, London, consigned per s.s. Dilwara to B. Ready, Capetown, 500 tons iron invoiced @ £4

per ton. B. Ready paid charges amounting to £20 16s. 8d. On February 20th, Ready sold 400 tons @ £4 10s. per ton and forwarded to W. Smith a sight draft with account sales. B. Ready's commission was 2½%. Show the records in Smith's books.

Also prepare the account sales and form of draft.

EXERCISE 112

Explain *Consignor, Pro Forma Invoice, Del Credere commission, With documents attached.*

EXERCISE 113

A. Mate & Co.

1st September 19—, the balances in his books are Bank £700; Stock £4,000; Bill Receivable £500 (accepted by R. May due 10th September).

Loan due to R. Barr £100; Bill Payable £235 (due 29th September).

Find Capital Account balance.

1927			£
Sept.	1.	Sold to J. Barclay, Goods	460
	3.	Received from him Bill @ three months date	460
	5.	Bought from L. Sterne, Goods	203
	6.	Consigned to Dick & Co., Bombay, Goods costing	685
		Paid Freight and Charges on same	54
	9.	Banked May's bill due on 10th inst.	
	10.	May's bill returned dishonoured bank charges for noting 7s. 6d.	
	15.	Paid Salaries £44 and Rent £35 by Cheque	
	18.	Sold Goods to J. Barclay	210
	20.	Received Cheque from J. Barclay	105
	24.	Received from R. May a Cheque for his Account	

(*Continued*)

		£
Sept. 29.	Retired Bill due this day at Bank . .	235
30.	Received Account Sales from Dick & Co. Showing Gross Proceeds were £800, his expenses were £15 and his commission 3% on gross proceeds. Bank draft for balance due accompanied Account Sale.	

EXERCISE 113A

Prepare Final Accounts. The Stock on hand valued at £3,200.

EXERCISE 114

G. Ward of London received from K. Kahn of Calcutta a consignment of tea invoiced at £300. On February 1st, Ward made the following payments: Dock Charges, £5 3s. 7d.; Duty, £22 8s. 4d.; Carriage, £10 6s. 8d. He sold the tea in two lots as follows: February 3rd, £250; February 6th, £195; and received cash on the same dates. Ward was entitled to a commission of 2½% on the gross proceeds. On February 10th Ward sent Cheque to Kahn for amount due to him.

Give the entries necessary to record the transactions in G. Wards books.

EXERCISE 115

W. Watson

On June 30th W. Watson had the following Assets and Liabilities.

	£	s.	d.
Cash at Bank	350	10	0
Cash in hand	14	2	6
Bill Payable	106	0	0

	£	s.	d.
Stock	1,520	0	0
Furniture	700	0	0
Owing by B. Banks & Co.	170	0	0
Owing to G. Benson	142	5	0
Owing to F. Forsyth	156	7	6
Bill Receivable (due July 27th, R. Roberts)	150	0	0

Transactions :

July 2.	Sold Goods to B. Banks & Co.	48	4	2
3.	Discounted R. Roberts Bill Receivable due 27th inst at Bank being charged discount 10s.			
8.	Bought Goods from F. Forsyth and gave acceptance to them	135	0	0
8.	Paid Carriage in Cash	6	10	0
10.	Received from B. Banks & Co. their acceptance @ 1 month	100	0	0
14.	Sold Goods to Currie & Co.	25	16	8
16.	Consigned Goods to Trevon et Cie., Paris, costing	280	7	4
	Expenses thereon due to Rly. Co.	14	10	0
20.	Bill Payable due this day met at Bank	106	0	0
24.	Bought Goods from Forsyth	150	8	4
26.	Bought Goods from G. Benson	180	2	7
27.	Bill Receivable (R. Roberts) dishonoured. Noting Charges paid at Bank 15s.			
28.	Paid F. Forsyth by Cheque in settlement of Account as at 1st inst.	152	9	4
29.	Received from Trevon et Cie., Sight Draft proceeds of sale of Goods less their commission	324	0	0
30.	B. Banks & Co., sent remittance in settlement of balance of Account as at this date less 2½% Cash discount			
31.	Drew Cheque for Private Expenses	30	0	0

Enter into proper Subsidiary Books, post to Ledger and take out a Trial Balance.

EXERCISE 115A

On 31st July the value of the Stock on hand was £2,000.

Prepare Trading and Profit and Loss Accounts and show Balance Sheet as on July 31st.

Rent, Rates and Taxes outstanding are £5. Wages unpaid £20.

EXERCISE 116

On March 7th, J. Morley, of London, consigned to A. Barnes, of Bombay, 4 Bales of Goods costing £400. The "Pro Forma" invoice valuation of the Goods was £700. He paid, by Cheque, Freight and Insurance, £70. He drew on Barnes for £250 at three months, which draft he discounted at Bank with documents attached being charged Discount at 5% per annum. On May 30th he received an Account Sales from Barnes showing that Goods had realised gross £800, and Expenses had been £37 10s., and Commission £80. On that day he also received a Banker's Draft for one half, and a Bill at 30 days for the other half of the balance due on the consignment.

Show :

(*a*) The Account Sales.
(*b*) The Bill received by J. Morley.
(*c*) The Records in the Books of J. Morley.
(*d*) The Records in the Books of A. Barnes.

EXERCISE 117

G. Blake consigns on May 1st, goods to C. Grant & Co., Jamaica, valued at £1,300.

Blake pays Carriage, £6 15s. ; Freight, &c., £37 10s.

Grant & Co are to receive 2% Commission and Expenses which were £15 12s. 6d.

The Goods realised £1,450.

Grant & Co. remitted a Draft for £1,000 and kept the balance in hand.

Prepare :

1. Accounts in Blake's Books.
2. Accounts in Grant & Co.'s Books.

EXERCISE 118

John Smythe, of Canada, consigned to W. Cook & Sons, of London, England, 250 tons Grain per s.s. *White Flower*, invoiced @ £18 per ton. The cost per ton of the Grain to John Smythe was £16 per ton, he paid railway charges to Quebec, £250. W. Cook & Sons sold 200 tons of the consignment to R. Roberts, Ltd., @ 50s. per 280 lb. bag. They deducted Ocean Freight, 28s. per ton ; Dock Dues, etc., £196 ; Marine Insurance, $\frac{1}{2}\%$; Brokerage, $1\frac{1}{4}\%$; Commission, $2\frac{1}{2}\%$ on gross sale price.

Show A/S rendered by W. Cook & Sons.

EXERCISE 119

What is an A/S ? On the 10th January, the Klinger Co., of New York, consigned to F. Mason & Co., of London, per s.s. *Newhaven* 100 Sewing Machines valued @ £7 10s. each. The cost of the Sewing Machines was £3 10s. Railway charges and Dock Dues at New York amounted to £56 10s. and £29 10s. respectively. The consignees paid the following expenses : Freight, £126 18s. ; Insurance, £35 10s. ; Dock Dues, £18 10s. ; Railway Charges, £40 8s. During the three months ended the 31st March, F. Mason & Co. sold 70 Machines at an average price of £6 15s. They charged the consignor a Commission on all Sales, $7\frac{1}{2}\%$ and remitted the balance due on 31st March.

Show :

(*a*) The Consignment Account in the Klinger Co's. Books as on April 14th.

(*b*) A/S rendered by F. Mason & Co.

EXERCISE 120

D. Grey Bros. consigned Goods valued at £3,000 to A. Briggs, of Melbourne, on March 1st, 19— and drew on A. Briggs for £3,000 @ 3 months on Account. D. Grey Bros. paid Freight, £139, and Insurance, £150, on March 4th. On July 1st, D. Grey Bros. received from A. Briggs an A/S for half of the Goods sold for £2,000; Expenses, £37 10s., and commission 5%. A Sight Draft for balance due accompanied the A/S.

Show:

(*a*) The A/S.

(*b*) The entries in the consignor's Cash Book, Journal, and Ledger.

EXERCISE 121

On January 1st, 1927, the books of A. Black's business showed the following Assets and Liabilities.

Cash at Bank, £1,200 10s.; Goods on hand, £1,500; B. Brown (Dr. Balance) £240 7s. 6d.; C. Green (Dr. Balance), £250 2s. 6d.; Bills Receivable, No. 10, B. Brown, due Jan. 23rd, £150; No. 11, R. White, due February 18th, £250; Freehold Premises, £5,000; F. Orange (Cr. Balance) £310; Bills Payable, No. 20, F. Orange, due January 15th, £320. There was a contingent liability of £450 for bills discounted. His transactions for the month of January are given. You are requested to enter them into proper books and to extract a Trial Balance for January 31st of the balances then standing in the books.

Jan. 1. Drew and cashed Cheque for Office Cash, £50. Paid Rates, £3 12s. 6d.

2. Consigned to C. Green, of Quebec, to be sold on my account and risk, Goods invoiced @ £400. Paid charges on the above, £30 10s.

Drew on C. Green @ 3 months for £200 and discounted the draft with documents attached at Bank being charged £2 10s. discount.

Jan. 3. Sold Goods for Cash, £275 10s. 6d.
3. Bought Goods from F. Orange for a 2 month Bill, £148 10s. 6d.
8. Retired Bill No. 20 by Cheque.
9. Bill Receivable No. 9, accepted by W. Violet, £250 returned this day dishonoured. Noting expenses paid by Bank, 12s. 6d.
9. Drew Cheque for Wages, £15.
13. W. Violet requested a renewal of his Bill agreed to pay Noting Expenses and Interest @ £4. New Bill for whole amount accepted by him.
14. Sold Goods to B. Brown for a two months Bill £295 17s. 6d.
21. Received Sight Draft from C. Green, £250 2s. 6d.
22. Cash Purchases, £305 17s. 6d.
22. Paid for Coal for Office, £4 7s. 6d.
23. Sent Bill No. 10 to Bank for collection.
25. Drew Cheque for Wages, £15.
28. Received Account Sales from C. Green, showing that the Goods consigned to him had realised £520, and that his charges amounted to £25 10s.
30. Drew Cheque for Salaries, £25.

EXERCISE 121A

On January 30th, the value of Stock on hand was £1,400. Prepare Final Accounts and show a Balance Sheet.

EXERCISE 122

Show the Consignment Account in the books of Newland & Co., referring to the following.

19—		£
Feb. 8.	Sent Goods to A. James, West Indies, to be sold on our Account and risk	
	Pro forma invoice value	700
	Cost of these Goods was	600

			£
Feb.	8.	Paid Shipping Charges, Freight and Insurance	45
	9.	Drew on A. James for	400
		Discounted draft with documents attached, Bank Charges being	2
Mar.	5.	Was allowed a Claim for £150 by Underwriters for portion of Goods destroyed by fire on voyage.	
	19.	Received from A. James on Account Sales showing gross proceeds to be . .	760
		His Expenses and Commission . . .	85
		A Sight Draft for the balance of his Account accompanied the Account Sales.	

EXERCISE 123

On October 15th Delmaine Bros., London, shipped to Donnison & Sons, Port Elizabeth, 60 cases of Sheffield Goods Invoiced "pro forma" £32 10s. a case.

The London payments: Insurance, £10 12s.; Freight, £54 12s.; Sundry Charges, £3 15s.

South African payments by Donnison & Sons: Storage, £16 12s.; Landing Charges, £6 10s.; Insurance, £2 11s.

On December 15th, Donnison & Sons sold 30 cases @ £45 per case. On December 17th, 25 cases @ £50, and on December 19th, the remainder @ £51.

All Sales were for prompt cash.

A Commission is payable to Donnison & Sons of 2% on all Sales, plus $1\frac{1}{2}\%$ "del credere" On November 1st, Delmaine Bros. drew a Bill on Donnison & Sons for £1,000. This draft was duly accepted.

Prepare A/S and show how the transactions appear in books of Delmaine Bros.

EXERCISE 124

J. Jackson

On January 1st, balances in his books: Petty Cash, £20;

Bills Receivable (due January 15th), £250; Consignment to R. Benson, £510; Stock, £1,224 6s. 8d.; *Dr.* B. Meyer, £310 5s. 5d.; Bank Overdraft, £288 5s. 2d.; Bills Payable (due January 21st to L. Smith), £206 19s.; *Cr.*, H. Hart, £510 7s. 11d.

			£	s.	d.
Jan.	3.	Sold Goods to F. Shannon . .	78	4	9
	4.	Received Cheque from B. Meyer .	310	5	5
	6.	Bought Goods from Tucker & Co. .	329	10	6
	7.	Paid H. Hart's Account less 2½% Discount.			
	10.	Received A/S from R. Benson net proceeds . . . . and his Cheque for that amount.	660	0	0
	10.	Received C/N from S. Tucker . .	12	10	6
	15.	Paid Salaries from Petty Cash . .	17	10	0
	15.	Received Cheque for Bill due this day.			
	17.	Sold Goods to W. May & Co. . .	154	12	7
	18.	Received a Bill @ two months for Wm. May & Co. Account.			
	18.	Discounted May & Co's. acceptance at Bank, less 6% per annum Discount.			
	21.	Renewed Bill due this day with a two months' Bill plus 5% per annum Interest.			
	24.	Withdrew from Bank for Petty Cash	25	0	0
	29.	Paid Salaries from Cash . .	17	10	0
	31.	Cash Sales to date, money paid to Bank	115	7	4
	31.	Petty Cash Payments:			
		Carriage . . . 1 7 8			
		Postages . . . 4 6			
		Sundry Expenses . 1 17 5			

All moneys received were paid to Bank.

Enter through proper books and extract a Trial Balance as on January 31st.

EXERCISE 124A

On January 31st the Stock on hand was valued at £1,250.

Prepare a Trading and Profit and Loss Account and show the Balance Sheet for January 31st.

Partnership Accounts

EXERCISE 125

T. Simpson & W. Hope

Balance Sheet, June 30th, 1927

Liabilities	£	s.	d.	*Assets*	£	s.	d.
Bank Overdraft	230	0	0	Cash	15	10	0
Sundry Crs. :				Office Furniture	130	0	0
W. Scott	210	0	0	Sundry Drs. :			
Grant & Co	157	0	0	J. Trainer & Sons	75	18	9
Capital Accounts :				The Atlas Co. Ltd.	130	5	0
T. Simpson	700	4	3	A.B.C. Co. Ltd.	63	10	6
W. Hope	368	0	0	Stock	1,250	0	0
	£1,665	4	3		£1,665	4	3

Open Accounts with these balances. Through proper books enter the following transactions :

			£	s.	d.
July	1.	Bought Office Furniture by Cheque	10	5	0
	2.	Paid Trade Expenses in Cash	5	10	6
	3.	Cash Sales	78	0	0
	3.	Paid Cash into Bank	75	0	0
	4.	Sales to J. Trainer & Sons	6	10	0
	4.	Sales to The Atlas Co. Ltd.	7	3	0
	5.	Purchases from Avery & Co. Ltd.	102	12	9
	6.	Sales to Raleigh Bros. Ltd.	64	12	4
	7.	Avery & Co. Ltd. allowed for short weight	2	0	0

			£	s.	d.
July	9.	Returns allowed to Raleigh Bros. .	1	12	4
	11.	Paid Wages by Cheque . . .	12	0	0
	11.	J. Trainer & Sons paid by Cheque .	74	0	0
		Discount allowed to them . .	1	18	9
	12.	Paid W. Scott by Cheque amount due less 5% Discount.			
	13.	Cash Sales	110	15	0
	13.	Paid Cash into Bank . . .	100	0	0
	13.	Paid Trade Expenses in Cash . .	8	15	0
	15.	Purchases from Grant & Co. . .	13	8	5
	18.	Paid Wages by Cheque . . .	15	0	0
	19.	Each Partner drew for Self . .	12	10	0
	20.	Cash Sales	64	0	0
	21.	Paid Trade Expenses in Cash . .	12	0	0
	23.	Received Cheque from Atlas Co. in settlement of their Account to June 30th, less 2½% Discount.			
	23.	Bank charged Interest on Overdraft .	6	0	0
	25.	Paid Rates in Cash	10	12	0
	28.	Paid Cash into Bank . . .	50	0	0

Extract a Trial Balance as on July 28th.

EXERCISE 126

Swift and Triumph

S. Swift was in business as a motor cycle dealer. December 31st: Freehold Premises, £2,400; Plant and Tools, £321; Motor and Cycle Stock, £3,200.

Drs. R. Rudge, £200; P. Premier, £128; E. Elswick, £100. *Crs.* Whitworth & Co., £428; Rayleigh Manufacturing Co., £814; Office Furniture, £100; Bank, £1,528; Cash, £29; Bill Payable (Star & Co., due January 7th), £194.

Swift amalgamated his business with that of T. Triumph, a cycle repairer, as on December 31st, when Triumph brought in by way of Capital: Stock of Cycles, £300; Plant and Tools, £124; Bank, £376.

Open the books of the partners. Enter the following transactions.

			£	s.	d.
Jan.	1.	Purchased on Credit from Fords, Ltd., 2 cars @ £300 each, less 10% trade discount.			
	1.	Drew and cashed Cheque for Petty Cash	100	0	0
	3.	Purchased for Cash, Timber for Crates	15	0	8
	3.	Sold on Credit car to P. Dash . .	415	0	0
	4.	Sold for cash 3 cycles @ . . each	5	1	6
	4.	Purchased, on Credit, Whitworth & Co., B.S.A. fittings for . .	97	10	8
	5.	Sold on Credit to R. Rudge 12 Cycles @ . . . . . each	6	5	0
	6.	Paid in Cash :			
		Wages	15	10	0
		Office Salaries	4	0	0
	6.	Drew Cheques for Private Purposes :			
		S. Swift	25	0	0
		T. Triumph	8	0	0
	7.	Bill Payable, due this day was duly met			
	7.	R. Rudge returned this day one Cycle sold to him on 5th inst.			
	9.	Paid in Cash, Railway Carriage. .	10	4	6
	9.	R. Rudge paid the amount due from him, by Cheque, less 5% Cash discount. (Cheque banked).			
	10.	Paid by Cheque Whitworth & Co. account, less 5% Cash discount.			
	11.	Purchased for Cash :			
		Motor Cycle	48	10	0
		Cycles	9	17	0
	13.	P. Dash paid by Cheque (banked) for Car purchased on 3rd inst., less 6% discount.			
	14.	Paid amount due to Rayleigh Manufacturing Co., less 5% discount, by Cheque.			
	14.	Paid in Cash :			
		Wages	17	18	6
		Salaries	4	10	0

		£	s.	d.
Jan. 17.	Purchased by Cheque new Desk for office use	20	0	0
18.	Accepted bill in favour of Whitworth & Co., for £400 payable in 3 months			

Show a Trial Balance as on January 19th.
(R.S.A.).

EXERCISE 127

Farncombe and Butt

The financial position of M. Farncombe, a wholesale clothier, on January 1st was as follows:

Crs. J. Niger, £194 8s. 6d.; P. Noel, £127 14s. 10d.; M. Helyett, £139 16s. 8d.

Drs. D. Dennison, £147 13s. 4d.; B. Job, £47 14s. 8d.; Cash at Bank, £327 10s.; Cash, £19 7s. 6d.; Furniture and Fixtures, £227 8s. 4d.; Stock, £2,876 14s. 8d.; Bill Payable (due 6th January, F. Juranville), £100.

On January 1st, C. Butt joined Farncombe as partner and brought in these assets: Cash, £500; Stock, £1,285; Furniture and Fixtures, £120; Bill Receivable (J. Rodgers, due 8th January), £95.

Open the books to record the above and, through proper books, post the following transactions to the accounts.

		£	s.	d.
Jan. 2.	Paid J. Niger the amount of his account by bill @ 3 months for £100 and the balance by Cheque			
3.	Drew and Cashed Cheque for Petty Cash	50	0	0
3.	Paid in Cash:			
	Wages	27	8	4
	Railway Carriage . . .	9	16	8
	Sundry Cash Purchases . .	27	14	6
4.	Sold on Credit to B. Job, 100 overcoats @ 21s. 9d. each, less 10% trade discount.			

		£	s.	d.
Jan. 6.	Purchased from P. Noel, 12 dozen pairs Breeches @ 11s. 8d. per pair.			
	Bill Payable due this day was duly met by Bankers.			
8.	Bill Receivable due this day was duly honoured by Cheque.			
10.	Paid M. Helyett by Cheque the amount of his account, less 5% Cash discount.			
12.	Sold on Credit to S. Gold, 6 dozen overcoats @ £3 15s. 5d. each, less 10% trade discount.			
14.	D. Dennison paid his account by Cheque, less 5% Cash discount.			
	Drew and cashed Cheque for Petty Cash	75	0	0
15.	Paid in Cash Wages . . .	28	19	6
	Packing Material	10	17	1
	Purchases	9	4	6
17.	S. Gold returned 3 overcoats. Sent him a Credit Note for . . .	11	0	0
19.	S. Gold sent his acceptance £100 @ 3 months.			
22.	Sold for Cash	5	19	9
23.	Paid in Cash :			
	Wages	23	18	4
	Railway Carriage . . .	4	18	6
24.	Bought and paid for by Cheque a new Showcase	25	10	0

Extract a Trial Balance as on January 24th. (R.S.A.).

Tabular Books

EXERCISE 128

K. Lipton

On January 1st K. Lipton had the following Assets and Liabilities :

Cash in hand, £23 9s. 10d. ; Bank, £450 16s. 9d. ; Stock of Tea, £327 10s. ; Stock of Coffee, £230. *Drs.*, A. Brown, £27 6s. 3d. ; I. Johnson, £17 5s. 6d. *Crs.*, V. Wilson, £175 ; C. Dick, £276.

Pass the following transactions through suitable Journals. Post to Ledger Accounts and extract a Trial Balance as on January 31st.

All Cheques received were paid into Bank same day.

Transactions :

Jan. 1. Sold to A. Brown :
5 Chests Tea @ £2 each.
3 Bags Coffee @ £3 each.

1. Sold to I. Johnson :
2 Chests Tea @ £2 2s. 6d. each.
2 Bags Coffee @ £3 5s. each.

3. Received Cheque from A. Brown, £27.
Allowing Discount, 6s. 3d.

4. Sold to I. Johnson :
3 Chests Tea @ £2 each.
2 Bags Coffee @ £3 each.

7. Received from I. Johnson a Cheque, £17.
Allowing Discount, 5s. 6d.

11. Received from A. Brown, Cheque, £18 15s.
Allowing Discount, 5s.

11. Paid Wages in Cash, £18.

13. Received from I. Johnson Cheque, £22.
Allowing Discount, 15s.

14. Bought from V. Wilson :
4 Chests Tea @ £1 15s. each.
3 Bags Coffee @ £2 10s. each.

14. Bought from C. Dick :
15 Chests Tea @ £2 each.
10 Bags Coffee @ £2 10s. each.

16. Gave V. Wilson a Cheque for £173 10s.
Allowed Discount, £1 10s.

16. Gave C. Dick a Cheque for £270.
Discount allowed, £6.

Jan. 17. Bought from V. Wilson :
2 Chests Tea @ £1 10s. each.
6 Bags Coffee @ £2 15s. each.
18. Sold to A. Brown :
4 Chests Tea @ £2 5s. each.
3 Bags Coffee @ £3 10s. each.
23. Sold to I. Johnson :
1 Chest Tea @ £2 5s. each.
2 Bags Coffee @ £3 each.
25. Cash Sales : Tea, £15 ; Coffee, £10.
28. Purchased by Cheque, Tea, £8 ; Coffee, £5.
31. Drew from Bank, £35.
31. Paid Wages in Cash, £18.
31. Paid Rent in Cash, £15.
31. Paid Sundry Expenses in Cash, £3 10s.
31. Drew from Bank for private purposes, £25.

EXERCISE 128A

Prepare final Accounts and show a Balance Sheet for January 31st.

The value of Tea on hand on that date was £400.

The value of Coffee on hand on that date was £350.

EXERCISE 129

George Elliot

On November 30th G. Elliot had the following Assets and Liabilities :

Assets : Cash, £88 11s. 9d. ; Bank, £1,650 14s. 3d. ; Premises, £2,000 ; Fittings, £200 ; Motor Van, £350 ; Stock of Port, £1,040 ; Sherry, £980. *Drs.*, G. Bridge, £109 10s. ; J. Harris, £58 10s. ; H. Jameson, £142 11s. 7d.

Liabilities : Wells & Co., £1,086 5s. ; A. Batley, £987 ; Freeborn & Co., £723 1s. 5d. ; A. Heald, £23.

Enter in Journal and find his Capital.

Into suitable books enter the following transactions.

Post to Accounts in the Ledger and extract a Trial Balance as on December 30th.

		£	s.	d.
Dec. 1.	G. Elliot withdrew from business by Cheque	98	0	0
3.	Sold Port for Cash	11	2	7
5.	Invoiced to G. Bridge :			
	Port	32	8	6
	Sherry	25	3	9
8.	Paid Cheque for Office Table	16	0	0
13.	Received in Cash from C. Bridge :	104	0	6
	Discount allowed him	5	9	6
14.	Paid Wages in Cash.	5	0	0
15.	Paid into Bank	150	0	0
16.	Bought of Wells & Co., Port	128	10	0
20.	Paid them a Cheque	188	0	0
	and was allowed discount	10	0	0
20.	Paid for Painting Premises, Cheque	23	10	0
21.	Paid Gas Bill in Cash	3	10	0
24.	Sold J. Harris :			
	Sherry	82	10	0
	Port	68	12	0
24.	Returned to Wells & Co. Port not to order	45	0	0
27.	Bought of Freeborn & Co., Sherry	155	12	0
27.	Remitted Cheque to them on Account	550	0	0
28.	Paid Cash for Insurance Premium	4	2	6
28.	J. Harris returned Sherry.	24	6	8
29.	Paid for Petrol, &c.	7	7	6
29.	Paid Railway Account by Cheque	10	10	0
29.	Charge Depreciation on			
	Premises	20	0	0
	Fittings	5	5	0
	Motor Van	15	0	0

EXERCISE 129A

Prepare final Accounts and show a Balance Sheet.
The value of Port December 30th was £1,035.
The value of Sherry December 30th was £1,070.

PURCHASING A BUSINESS

EXERCISE 130

On May 1st, 19—, W. Wren took over the business of H. Taylor. He agreed to take the Stock for £500 ; the Office Furniture and Fixtures at £150 ; and to pay a Purchase Price of £800 for the business. W. Wren paid into the Bank £1,400, and retained £50 for Office Cash. He was to complete purchase of business on May 5th, by paying a Cheque for £500 and giving a Bill @ 3 months for the remainder of the purchase money.

Open the books of W. Wren as on March 1st, and show his financial position on March 6th.

EXERCISE 131

*Q.*1.

On January 1st, 1926, L. Monk purchased from C. Flower for the sum of £2,000 the Goodwill of the Drapery and Furnishing business carried on by him at Hornsey. The Assets of the business were also purchased by L. Monk upon the following terms :

Book Debts. Amount appearing in Ledger Accounts, less 20%.

Stock-in-Trade, Furniture, Fittings and Fixtures, Motor Vans, etc., to be taken at the amount of the valuer's certificate.

The whole of the purchase money to be paid as follows :

£2,000 by Cheque on January 1st, 1926.
£2,000 by acceptance falling due on January 31st, 1926.
£2,000 by acceptance falling due on April 30th, 1926.
The balance by acceptance falling due on July 31st, 1926.

All expenses attending the valuation and transfer of the Assets to be borne by the purchaser.

The Book Debts were :

	£	s.	d.
A. Barr . .	376	13	4
E. Dann . .	230	3	4
C. Grove .	552	16	8
A. Neil . .	90	6	8

The Valuer's Certificate was :

	£
Stock-in-Trade. .	3,300
Furniture, Fixtures, Fittings, etc. .	250
Motor Vans, etc .	1,550
Advertising Matter, Stationery, etc. .	50

On behalf of L. Monk, open necessary Ledger Accounts as at January 1st, 1926. *L.Ch.C., part Exercise.*

EXERCISE 132

On July 1st, 1927, T. Brian had at Bank £1,200. He purchased from Messrs. Snell & Co., their business of Leather Dressers, taking over the whole of their Assets and Liabilities for the sum of £1,000 which he paid by Cheque the same day.

The Assets and Liabilities comprise :

	£	s.	d.		£	s.	d.
Goodwill .	200	0	0	Bill Receivable	100	0	0
Plant . .	500	0	0	R. Gray (Cr.)	250	0	0
A. Smith (Dr.)	300	0	0	Bills Payable	150	0	0
Stock . .	300	0	0				

		£	s.	d.
July 3.	Received Cheque from A. Smith to settle his Account . . .	285	0	0
12.	Sold to B. Jones on Credit . .	120	0	0
15.	Bought from R. Taylor on Credit .	200	0	0
19.	B. Jones advised damage of Goods in transit, allowed . . .	10	0	0
23.	Cash Sales	45	0	0
28.	Advised R. Taylor shortage in quantity, he allowed . .	25	0	0
Aug. 6.	Accepted R. Taylor's Bill for at 1 month .	175	0	0
10.	Drew Bill on B. Jones for at 1 month . .	110	0	0

(*Continued*)

			£	s.	d.
Aug.	14.	Paid Repairs to Plant, Cash	22	0	0
	19.	Sold to A. Smith small portion of plant and received cash	30	0	0
	20.	Sold Goods to B. Jones	160	0	0
Sept.	5.	Received Cheque from B. Jones	160	0	0
	9.	Bill Payable, duly paid by Bank	150	0	0
	10.	Taylor's Bill duly paid by Cash	175	0	0
	12.	Cheque for Jones' Bill received by Bank	110	0	0
	15.	Paid Cheque to R. Gray	238	0	0
		He allowing Discount	12	0	0
	16.	Sold Goods to B. Jones	200	0	0
	17.	He paid Cash	190	0	0
		Discount allowed him	10	0	0
	19.	Cash Purchases	60	0	0
	30.	Petty Expenses paid in Cash	10	9	0
	30.	Paid Wages by Cheque	25	6	8
	30.	Paid Rent by Cheque	50	13	4
	30.	Paid Rent by Cash	5	0	0
	30.	Paid Cash to Bank	50	0	0

Enter into proper original books. Post to Accounts in Ledger.

Prepare Trial Balance as on September 30th.

EXERCISE 132A

Stock on hand at September 30th was valued at £223 4s.

After making allowance for Depreciation of Plant at the rate of 10% per annum, prepare Trading Profit and Loss Accounts and Balance Sheet as on September 30th.

COMPANY BOOKS

EXERCISE 133

A Company was formed on January 1st, 19—, with a

nominal Capital of £50,000 in 50,000 Shares of £1 each. Applications were received for 45,000 Shares and 2/6 applications money per share paid. These shares were alloted and 2s. 6d. per Share allotment money paid on January 6th. On April 1st a call of 10s. per Share was made which was paid in, except the call on 100 Shares.

Make the necessary Journal entries to record the above and show a Balance Sheet for April 2nd.

EXERCISE 134

A Company was registered with an Authorized Capital of £120,000 made up of 100,000 Ordinary Shares of £1 each and 20,000 7% Preference Shares of £1 each.

On January 10th, 60,000 Ordinary Shares were offered to the public, payable as follows:

On Application, 2s. 6d. per Share.
On Allotment, 7s. 6d. per Share.
Three months later, 10s. per Share.

All the Shares applied for on January 17th were allotted to applicants. All allotment money was paid in. On April 17th, the final instalment was paid with the exception of the call on 200 Shares held by Mr. Brown.

Make the entries necessary in the Company's books and show the Capital as it would appear in the Company's Balance Sheet on April 17th.

EXERCISE 135

The Preference Shares of the above Company were offered to the public on May 1st, payable as follows:

May 1st. On Application, 5s. per Share.
May 7th. On Allotment, 5s. per Share.
And one month later 10s. per Share.

The Shares were fully allotted.

The 10s. Call was duly paid.

Record these transactions in the Company's book and show the Capital in the Balance Sheet as on June 7th.

EXERCISE 136

THE BRIGHT COAL CO.

Balance Sheet, December 31st, 19—

Liabilities	£	*Assets*	£
Nominal Capital :		Freehold Buildings	890
5,000 Shares of £1 each	5,000	Railway Trucks	2,100
Issued Capital :		Office Furniture	70
4,500 Shares fully paid	4,500	Scales and Sacks	130
Sundry Creditors :		Horses and Vans	390
Blank Colliery Co.	190	Sundry Debtors :	
White Coal Co.	210	Wm. Carter	18
W. Stranson	35	Rowton Corporation	328
S. Brown	18	V. Norman	82
Bill Payable :		J. Wilson	23
(Dumbleton Colliery Co.)	300	Stock on Hand	1,000
Profit & Loss Account (balance)	339	Cash at Bank	487
		Cash in hand	74
	£5,592		£5,592

Enter the above into Ledger Accounts. Through proper books post the following transactions :—

Jan. 1. Purchased from Dumbleton Colliery Co., 100 tons of Coal, at 10s. 3d. per ton.
1. Sold H. Carver 6 tons House Coal @ 27s. 6d. a ton.
1. Cash Sales £18 10s. 6d.
2. Paid the Blank Colliery Co. their Account, less £11 11s. 3d. for short delivery.
2. Cash Sales £9 10s. 6d.
2. Purchased out of Cash, Insurance Stamps value 14s.

Jan. 2. Sold to Rowton Corporation 80 tons of Steam Coal @ 20s. per ton.
3. Cash Sales £21 10s.
3. Received from Rowton Corporation a Cheque, £300.
3. Purchased from Blank Colliery Co. 200 tons of Coal @ 11s. 9d. a ton.
3. Paid Wages in Cash £15 9s.
3. Received 4d. from each of ten employees on account of National Health Insurance.
5. Bill Payable due this day met at Bank, £300.
5. Cash Sales £19 5s. 0d.
5. Paid W. Stranson his Account by Cheque less 12s. for Corn Sacks returned.
6. Purchased from S. Brown 2 tons of Hay @ £6 5s. 0d. a ton.
6. Cash Sales £18.
6. Received from V. Norman his Account by Cheque less £3 discount.
7. Cash Sales £23 5s. 6d.
7. Paid into Bank all Cash in Hand, less £25 retained.
7. Sold to Rowton Corporation 120 tons of Steam Coal @ 20s. per ton.

All Cheques received were paid at once to Bank.
Extract a Trial Balance as on January 8th.

(*R.S.A. Stage II.*)

EXERCISE 137

Bloomfield Parker & Co., Ltd.

have a Nominal Capital of £20,000 divided into 10,000 Ordinary Shares of £1 each and 10,000 Shares, 5% Preference, of £1 each.

3,000 of the Ordinary Shares and the whole of the Preference were issued and fully called up.

After closing the books on December 31st, 19—, and preparing the Company's Profit and Loss Account, the following Trial Balance was extracted.

	Dr. £	*Cr.* £
Ordinary Share Capital		3,000
Preference Share Capital		10,000
Sundry Creditors :—		
H. Walpole		65
F. Thompson		178
H. Moss		197
Profit and Loss Account		1,209
Reserve for Income Tax		150
Calls in Arrears :—		
Preference Shares	200	
Horses, Carts and Motor Vans	4,460	
Fixtures, etc.	1,293	
Sundry Debtors :		
F. Barry	68	
H. Sells	142	
K. Murray	34	
M. Christie	56	
Stock	3,312	
Bills Receivable :—		
(F. Barry due January 3rd)	600	
Preference Share Dividend due		245
Cash at Bank—Current Account	1,519	
Deposit Account	3,300	
Cash in Office	60	
	15,044	15,044

Open the necessary Ledger Accounts to record the above, and post thereto through proper subsidiary books the following transactions :—

Jan. 1. Paid Cheques to Preference Shareholders for the last half-year's Dividend (ignore Income Tax).

1. Purchased from H. Walpole 12 cwts. refined sugar at 30s. per cwt. Paid freight by cash, £27 19s.

Jan. 2. Sold to K. Murray 56 lbs. Coffee at 1s. 4d. per lb.
2. Received from M. Christie Cheque for the full amount of his Account, and paid to Bank.
2. Purchased from H. Moss 15 cwt. Rice at 10s. 2d. per cwt.
2. Paid H. Moss's December Account, less $2\frac{1}{2}\%$ Discount, by Cheque.
2. Paid Wages by Cash £31 5s.
2. Received 4s. from employees being National Health Insurance Contribution, and purchased for Cash twelve 7d. Insurance Stamps.
2. Bill Receivable due this day was dishonoured at Bank.
4. Paid Income Tax, £115, by Cheque.
4. Drew and Cashed Cheque £50.
4. Purchased new Motor Van for £320 by Cheque.
4. Sold H. Sells 3 cwt. of Sugar at 36s. per cwt.
4. F. Barry gave a new acceptance dated January 4th, payable one month after date, for £600 plus Interest at 5% per annum.
5. Sold to M. Christie 1 cwt. Cocoa @ 1s. 2d. a lb.
5. Received Cheques from H. Sells and K. Murray for the amounts of their December Accounts, less $2\frac{1}{2}\%$ Discount.
5. Paid Cheques to Bank.
5. Paid Telephone Account £5 6s. 7d..
5. Received a Cheque for £100 for Calls in Arrears and paid it into Bank.

Balance the Ledger Accounts as on January 5th, bring down the balance and extract a Trial Balance.

R.S.A., Stage II.

EXERCISE 138

The transport Oil Co. was formed with £200,000 Share Capital divided into 100,000 £1 Ordinary Shares, and 100,000

£1, 8% Preference Shares. The purchase price was £150,000 composed as follows:

	£
Land and Buildings	50,000
Stock	15,000
Book Debts	10,000
Trade Marks. Patent Right	5,000
Goodwill	70,000
	150,000

to be paid for in £50,000 fully paid Ordinary Shares, £50,000 fully paid Preference Shares, and the balance in Cash. The balance of the Shares Capital was issued to the public, the Ordinary Shares @ 22s. 6d. per Share, the Preference Shares @ 20s. per Share, payable as follows:

	Ordinary	Preference
	s. d.	s. d.
On Applications	5 0 per share	2 6 per share
On Allotment	5 0 ,,	5 0 ,,
April 30th	5 0 ,,	5 0 ,,
May 31st	7 6 ,,	7 6 ,,

Make entries in the Company's books showing these operations, assuming the shares to have been fully applied for and the Cash to have been received when due.

EXERCISE 139

Appropriation Account

The Mineral Oil Company made a net profit of £16,000 on December 31st, 19—. There was a Credit balance of £2,500 from last year's Profit and Loss Account. An interim dividend of 6% was paid on June 30th, on Ordinary Share Capital of £60,000. The directors decided to declare a further 6% making 12% in all, and to carry £10,000 to reserve.

Prepare the Appropriation Account.

EXERCISE 140

The Capital of the Mica Company consists of £100,000 7% Preference Shares of £1 each and £100,000 Ordinary Shares of £1 each.

All these Shares have been issued and are fully paid.

The Net Profit for the year ended Dec. 31st was £18,800 and there was a balance from last year of £3,600.

An interim dividend of 6% had been paid on the Ordinary Shares for half-year ending June 30th.

The Directors proposed to pay the Preference Share dividend and a final dividend of 10% on the Ordinary Shares.

They decided to carry to reserve £2,000 and to carry forward the balance to next year's account.

Prepare the Appropriation Account.

Suggested Arrangement of Items in Profit and Loss Account of a Company.

Dr.	*Cr.*
Rent, Rates, Insurance	Gross Profit or
Lighting and Heating	Balance from Trading
Salaries	Account or
Commissions	Manufacturing Account
Travelling Expenses	Discounts Received
Advertising	Interest
Carriage Outwards	Commission
Printing and Stationery	Rents Received
General Expenses	Transfer Fees
Legal Expenses	Balance—Net Loss
Audit Fees	
Bank Charges	
Discounts Allowed	
Directors' Fees	
Interest	
Debenture Interest	
Bad Debts and Reserves	
Depreciations	
Balance—Net Profit	

Arrangement of Assets and Liabilities in a Balance Sheet of a Company.

Balance Sheet.

Liabilities.	*Assets.*
1. Nominal Capital	1. Goodwill
2. Share Capital paid up Less Calls in arrear	2. Land and Buildings
3. Debentures and Loans	3. Plant and Machinery
4. Sundry Creditors and Bills Payable	4. Fixtures and Fittings
5. Reserves	5. Stock in hand
6. Profit and Loss Account Balance of Profit	6. Sundry Debtors and Bills Receivable
	7. Investments
	8. Cash

SECTION VI
EXAMINATION PAPERS

EXERCISE 141

1. What information should a trader's Capital Account disclose? Give a specimen Capital Account, and make four entries therein.

2. What kind of errors are not revealed by the agreement of a Trial Balance?

Exercise A

P. Garran is a wholesale and retail Fish Merchant. On January 1st, 19—, his books disclosed the following position:

	£	s.	d.
Stock	112	5	3
Trade Plant and Equipment	280	16	3
Premises	2,060	0	0
Office Furniture	90	6	4
Sundry Debtors:—			
S. Shell	24	5	0
F. Winkle	107	0	6
Creditor:—W. Jones	7	8	7
Cash at Bank	143	7	0
Bill Payable (O. Salt)	75	0	0

You are required to open the Accounts necessary to record the above position in the ledger, and to post thereto, through the proper subsidiary books, the following transactions:—

1927.

Jan. 1. Drew and cashed cheque £40, for Office Cash.

3. Purchased on credit, from W. Jones 10 90-lb. boxes of Mackerel at 28s. per cwt., 120 lbs. Cod at 6¼d. per lb., 2 barrels Herrings at 13s. 6d. per barrel. Mackerel boxes and Herring barrels charged for at 1s. and 2s. each respectively.

4. Bill payable (O. Salt) due this day duly met by the Bank.

5. Sold, on credit, to F. Winkle, 160 lbs. Fresh Fish at 9d. per lb., 5 boxes Kippers, each containing 1 gross pairs at 3d. per pair. Cases and Ice, 10s. extra. Trade discount of 10 per cent. allowed on the whole invoice.

Jan. 6. Paid, in cash, wages £27 10s., and Office salaries £10 5s.
7. Bought from the trawler *Onyx* a quantity of Cod Fish for cash £20.
8. F. Winkle reports that 30 lbs. of Fish arrived in an unsaleable condition. Agree to allow him full invoice price of 9d. per lb.
10. Paid into Bank cash sales to date amounting to £89 1s. 7d.
11. Bought Cold Storage Plant from J. Shivers for £230, paying him cheque for £50 on account.
12. S. Shell paid his account in cash; allowed him 5 per cent. cash discount.
13. Paid, by cheque, £24 for cost of fixing Cold Storage Plant.
14. Paid into Bank all cash in office cash box.

Balance the ledger, bring down the balances, and extract a Trial Balance as on January 14th, 19—.

N.B.—No Profit and Loss Account or Balance Sheet is to be prepared.

Exercise B

From the following Trial Balance you are required to prepare Trading and Profit and Loss Accounts for the year ended December 31st, 19—, and a Balance Sheet as on that date :—

Trial Balance, December 31st, 19—.

	Dr.			Cr.		
	£	s.	d.	£	s.	d.
Cash in hand . . .	13	5	7			
Bank overdraft . .				121	5	0
Purchases returns . .				41	10	0
Sales				1,040	9	6
Salaries and wages . .	182	1	6			
Carried forward	195	7	1	1,203	4	6

	£	s.	d.	£	s.	d.
Brought forward	195	7	1	1,203	4	6
Sundry creditors . .				174	8	1
Rent, rates and taxes .	78	4	5			
Purchases . . .	860	15	7			
Sundry debtors . .	310	0	0			
Stock at the beginning of the year . . .	288	4	2			
Capital (H. Thompson) .				375	16	7
Sales returns . . .	20	17	11			
	£1,753	9	2	£1,753	9	2

The Stock at the end of the year was valued at £362 1s. 3d.
(*R.S.A. Stage I.*)

EXERCISE 142

PART I

1. On 31st December, 19—, William Brown's cash book showed a balance of cash at bank of £200 11s. 11d. His bank pass book at the same date gave his bank balance as £270 2s. 3d. On examination he found that the following cheques—W. Smith £30 2s. 6d., R. Jones £25 1s. 3d., and L. Roberts £16 7s. 9d., sent to creditors on the 29th December, had not been presented for payment, and bank charges £2 1s. 2d. had been debited in the pass book but not entered in the cash book.

Prepare a reconciliation statement.

2. A trader's ledger contains accounts under the following headings—Wages, machinery, discounts, L. Brown, furniture and fixtures, capital, bills receivable, trade expenses, stock on hand.

Classify these as real, nominal, or personal accounts.

3. Show how you would enter the following in a petty cash book :—

1927.		£	s.	d.
Mar. 1.	Cash in hand.	10	0	0
	Bought postage stamps . . .	2	10	0

			£	s.	d.
Mar.	2.	Paid for coals		6	9
	3.	Bought stationery		11	6
		Paid for cleaning		10	0
		Paid telephone a/c.	2	5	8
	4.	Paid railway fares		10	6
	5.	Paid carriage on parcel		4	9
	6.	Paid for telegrams		5	0

Balance the book as on 7th March and state what would be the balance in hand for the week commencing 8th March if the petty cash was kept on the Imprest system.

4. Journalize the following :—
   (*a*) Wrote off the balance of John Smith's account £20 as a bad debt.
   (*b*) Made John Roberts an allowance of £5 for goods supplied "not correct size."
   (*c*) Exchanged 3 horses and wagon value £150 for motor lorry value £150.

PART II

On the 3rd January, 19—, T. Trim commenced business with a capital of £750, represented by cash in hand £250, stock £400, and fixtures and fittings £100.

Open the books by means of the Journal and then pass the following transactions through the proper books to the Ledger.

Take out a Trial Balance as at the 15th January, 19—.

The Cash Book must be balanced and the balances brought down.

19—.			£
Jan.	3.	Opened an account at the bank, paying in cash	200
	4.	Bought goods on credit from F. Gunn	70
		Sold goods on credit to R. Slynn	100
		Bought on credit additional fixtures from the Lancaster Timber Co. Ltd.	50
	5.	Paid for carriage on fixtures by cash	5
		Sold goods on credit to L. Rivers	125

			£
Jan.	6.	Received cash from R. Slynn	95
		Discount allowed	5
		Cash sales to date	27
	7.	Paid cash to Bank	90
	8.	Paid wages in cash	10
		Withdrew cash for personal use	8
		Purchased goods at auction by cheque	12
	10.	Accepted a bill of exchange drawn by the Lancaster Timber Co. Ltd., payable three months after date	50
	12.	Received cheque from L. Rivers	75
	13.	Paid cheque to Bank	75
		Bought goods from R. Adams	150
	14.	Returned part of goods to R. Adams "wrong size"	25
	15.	Cash sales to date	35
		Paid F. Gunn by cheque on A/c	40
		Paid wages in cash	10
		Withdrew by cheque for personal use	8

N.B.—No profit and loss account is required.

PART III

From the following Trial Balance taken from the books of A. Merchant, prepare Trading and Profit and Loss Account for the year ended 31st December, 19—, and Balance Sheet as at that date. Stock on hand 31st December, 19—, £500.

TRIAL BALANCE, 31st December, 19—.

	£	£
A. Merchant, capital		1,080
A. Merchant, drawings	400	
Salaries	150	
Wages	350	
Rent	50	
Furniture and fittings	100	
Carried forward	1,050	1,080

	£	£
Brought forward	1,050	1,080
Rates	30	
Discounts allowed	50	
Purchases	2,300	
Sales		3,500
Discounts received		20
Returns inwards	30	
Returns outwards		20
Sundry debtors	560	
Sundry creditors		480
Stock, 1st January, 1926	450	
Cash at Bank	560	
Cash in hand	70	
	£5,100	£5,100

(*U.L. & C.I., First Year*)

EXERCISE 143

I. The Balance Sheet of Messrs. Avis & Young on 30th June, 19—, disclosed the following Assets and Liabilities :—

	£	s.	d.
Stock on hand	2,100	0	0
Furniture and Fixtures	200	0	0
Leasehold Premises	2,000	0	0
Sundry Creditors :—			
A. Line	236	15	0
B. Gates	411	1	8
Sundry Debtors :—			
C. Harris	180	19	7
D. Paine	319	14	9
Bills receivable :—			
E. Grace, due 17th July, 19—	231	3	3
C. Harris, due 19th July, 19—	192	18	8
Bill Payable :—			
F. Tasker, due 20th July, 19—	301	3	9
Bank Overdraft	320	15	10
Petty Cash in hand	40	0	0

	£	s.	d.
Commission due to Employees . . .	80	0	0
Estimated amount due for Electric Light . .	15	0	0
Contingent liability for bill under discount at Bankers, C. Harris due 19th July, 19— .	206	1	9

Capital of the Partnership due two-thirds to George Avis and one-third to F. Young.

All payments were made by cheque unless otherwise stated.

Open the Ledgers, enter the following transactions in the proper subsidiary books, post to the Ledgers and extract a Trial Balance.

July 1. Sold to E. Grace :—
12 doz. sets Coats and Caps @ 11s. 1½d. per set.
80 doz. Scarves @ 28s. doz.
15 doz. Cardigans @ 25s. 9d. each.

2. Purchased from A. Line :—
120 doz. Cardigans @ 18s. 6d. each.

3. Paid Employees' Commission due at 30th June.
Drew cheque for Office Cash £50.
Cash sales for week £18 1s. 9d.

5. Drew on D. Paine at 2 months from this date for amount due.

6. Accepted A. Line's draft at 1 month dated 5th July, 19—, for amount due.

7. Received D. Paine's acceptance and discounted same at Bankers, who charged for Discount £3 10s.

8. Purchased from F. Tasker :—
240 doz. Sports Coats @ 17s. 1d. each.
120 doz. Costumes @ 28s. 10½d. each.
200 doz. Jumper Suits @ 15s. each.

9. Consigned to C. Taylor of New York :—
150 doz. Sports Coats @ 24s. each.
60 doz. Cardigans @ 24s. each.
240 Costumes @ 38s. 6d. each.
Paid charges on New York consignment :—
Insurance £25 10s.
Carriage and Loading charges £12.

July 10. Received from E. James on Mortgage of Leasehold premises £1,200 @ 5% per annum.
Drew cheque for Office Cash £50.
Cash Sales for week £23 8s. 3d.

15. Purchased from Beall & Co. :—
420 Capes various sizes for £60.

16. E. Grace returned 12 Cardigans soiled, part of sale on 1st July, issued Credit Note for same.

17. Drew cheque for Office Cash £60.
Cash sales for week £16 12s. 9d.

19. C. Harris's acceptances due this day returned from Bank, dishonoured.

20. Paid B. Gates amount due, less 5% discount.

21. Returned to F. Tasker 24 soiled Sports Coats purchased on 8th July.

22. Purchased from B. Gates :—
100 Eiderdowns @ 21s. 6d. each.
80 doz. Overalls @ 44s. doz.
And invoiced these goods on sale to V. Hartly :—
Eiderdowns @ 28s. each.
Overalls @ 4s. 10½d. each.

23. Attended meeting of creditors of C. Harris when it was decided to accept 15s. in the £ in full settlement. Payment to be made as to 5s. by immediate payment and the balance in two equal drafts at 2 months and 4 months from this date.

24. Received cheque from C. Harris for instalment due, also drafts as agreed. Paid cheque into Bank.
Drew cheque for Petty Cash £50.
Cash Sales for week £31 17s. 3d.

26. Paid Electric Light account £18 1s. 6d.

27. Accepted B. Gates's draft at 2 months, dated 26th July, for amount due.
Sold to D. Paine :—
48 doz. Costumes @ 38s. 3d. each.
30 doz. Cardigans @ 24s. 3d. each.

29. Paid Beall & Co. amount due.

July 30. Received from C. Taylor account sales of consignment on 9th inst. with sight draft on Montague & Co. for the amount due :—
Sports Coats realized $7 each.
Cardigans realized $6.50 each.
Costumes realized $9 each.
C. Taylor's commission 10%.
Charges in account :—
Freight $400.
Landing charges, etc., $120.
Sent draft to Bankers for collection. The dollar realized 4s. 1d.

		£	s.	d.
31.	Drew cheques :—			
	George Avis . . .	100	0	0
	F. Young	50	0	0
	Paid F. Tasker on account .	3,000	0	0
	Employees' commission due .	85	0	0
	Payments by Cash during month :—			
	Salaries and Wages . .	150	0	0
	Travellers' Expenses . .	50	0	0
	Office Expenses . . .	30	0	0
	Carriage	10	0	0

II. Explain the following terms :—
CAPITAL.
DIVIDEND.

III. Prepare a columnar Invoice Book, make twelve entries therein and post to all Ledger Accounts.

(*L.Ch.C. Junior*)

EXERCISE 144

PART I

1. Show by means of one example of each of the following the difference between :—
(*a*) Capital Expenditure and Revenue Expenditure.
(*b*) Fixed Assets and Floating Assets.
(*c*) Real Accounts and Nominal Accounts.

2. F. Jones and S. Martin were partners, their Capitals were £6,000 and £4,000 respectively, and profits were divided in the same proportion.

They agreed to admit P. Wilson as a partner on 1st January, 19—, and he brought £3,600 Cash into the business as his Capital. Goodwill was valued at £2,000, and this amount was to be credited to the old partners in proportion to their original Capitals. Future profits were to be divided in proportion to Capital as at 1st January, 19—.

Make Journal Entries *only* to record all the above transactions, and state what proportion of the Profits each partner will be entitled to at the end of 19—.

3. What is double entry book-keeping? State the advantages of double entry over single entry.

4. On which side of the following Ledger Accounts would you expect the balance to be :—

Formation Expenses of a Company.
Mortgage debentures.
Goodwill.
Discounts received.

PART II

On 1st December, 19—, the following items were in the Balance Sheet of Beanland & Croft :—

Assets

	£ s. d.	£ s. d.
Cash in hand		47 13 6
Sundry Debtors :—		
Perkins & Co., Ltd.	281 13 0	
Wallace & Son	139 12 6	
Haigh & Haigh	44 0 0	
		465 5 6
~~Trading~~ Account		1,753 19 0
Machinery and Plant		850 0 0
Partners' Drawings Accounts :—		
C. Beanland	220 0 0	
S. Croft	270 0 0	
		490 0 0
		£3,606 18 0

Liabilities

	£ s. d.	£ s. d.
Bank Overdraft . . .		326 8 9
Sundry Creditors :—		
W. Horner . . .	77 16 0	
Rose & Son . . .	202 13 3	
		280 9 3
Bill Payable . . .		250 0 0
Capital Accounts :		
C. Beanland . . .		750 0 0
S. Croft		2,000 0 0
		£3,606 18 0

Make the Journal entry necessary to open the books of the firm, then enter the following transactions in the appropriate books and post to the Ledger Accounts.

Prepare a Trial Balance as at 31st December, 19—.

No Trading Account or Balance Sheet is required.

Before taking out the Trial Balance transfer all items relating to profit and loss to the Profit and Loss Account and close the Partners' Drawings Accounts.

1925		£ s. d.
Dec. 2.	Paid cheque to W. Horner (discount £3 16s.)	74 0 0
4.	Bought Goods from Rose & Son .	187 11 0
4.	Bought Goods from W. Horner .	212 13 9
5.	Received cheque (paid to Bank) from Wallace & Son (discount £3 9s. 9d.)	136 2 9
5.	Paid Wages in Cash. . . .	27 11 9
7.	Accepted three months' bill drawn by Rose & Son	202 13 3
8.	Sold Goods to Perkins & Co., Ltd. .	161 3 10
10.	C. Beanland withdrew Cash . .	15 0 0
11.	Sold Goods to Haigh & Haigh . .	61 16 3
12.	Received two months' Bill from Perkins & Co., Ltd. . . .	281 13 0

			£	s.	d.
Dec.	12.	Drew Cash from Bank for Office use .	50	0	0
	14.	Cash Sales to date	10	10	0
	16.	Paid through Bank, Bill due . .	250	0	0
	16.	Sold Goods to Wallace & Son . .	63	19	0
	17.	Received Cash (paid into Bank) from Haigh & Haigh (discount, £1 2s.) .	42	18	0
	18.	S. Croft withdrew by cheque . .	50	0	0
	19.	Paid Wages in Cash . . .	24	13	8
	21.	Paid Rent and Rates, by cheque .	89	19	2
	22.	Paid Rose & Son cheque, and received special cash discount of £18 15s.	168	16	0
	23.	Bought Goods from W. Horner .	133	12	6
	24.	C. Beanland, paid into Bank, Capital Account	500	0	0
	28.	Paid in Cash, Sundry Expenses. .	12	3	8
	29.	Sold Goods to Haigh & Haigh, £186, *less* a Trade Discount of 25% .			
	31.	Bank Charges and Interest . .	17	16	0
		Credit Interest on Capital for year :—			
		C. Beanland	45	0	0
		S. Croft	120	0	0

Write off 5% for Depreciation of Machinery and Plant.

PART III

THE WILSON MANUFACTURING COMPANY, LIMITED

Trial Balance, 31st December, 19—

	£	£
Ordinary Share Capital :—		
£40,000 in £1 Shares ; 40,000 issued .		40,000
Machinery and Plant	6,600	
Sundry Debtors	8,760	
Wages	7,335	
Carried forward	22,695	40,000

	£	£
Brought forward	22,695	40,000
Salaries	1,300	
Sundry Creditors		1,678
Profit and Loss Account Balance		879
Materials Purchased	13,867	
Stock, 1st January, 19—	11,076	
Sales		30,876
Freehold Premises	17,000	
Rent Received		800
Rates, Taxes, and Insurance	760	
Cash at Bank	3,986	
General Expenses	890	
Repairs and Renewals	640	
Dividend Paid	600	
Discount Account	327	
Returns Outward		369
Directors' Fees	300	
Carriage Inward	1,161	
	£74,602	£74,602

Prepare Trading and Profit and Loss Account and Balance Sheet as at 31st December, 19—, giving effect to the following adjustments :—

Stock—31st December, 19—, £9,216.

Rent receivable outstanding, £50.

Reserve 5% for doubtful Debts.

Depreciate Machinery and Plant 5%.

(*U.L. & C.I. Second Year*)

EXERCISE 145

Section A. Compulsory Question

[All *the work in this Section should be attempted.*]

1. The following is a list of Ledger Balances, December 31st, 19—, extracted from the books of *X* and *Y*. From the

particulars given prepare Trading and Profit and Loss Accounts, and a Balance Sheet :—

		£
X Capital		2,000
Y Capital		3,000
X Current Account	*Cr.*	500
Y Current Account	*Dr.*	100
Cash in hand		50
Cash in Bank		850
Sales		10,000
Purchases		9,000
Warehousemen's Wages		1,000
Stock, January 1st, 19—		5,000
Carriage on Purchases		200
Discounts received		100
Debtors		2,000
Creditors		5,050
Rates and Insurance (£50 Prepaid)		150
Rent of Warehouse		250
Salaries		600
Trade Expenses		800
Returns Outwards		150
Fixtures and Fittings		800

Profits and Losses are divided in proportion to Capital. Before division of Profit or Loss allow 5% Interest on Capital and charge *Y* with £5 interest on Current Account debit balance ; charge Depreciation on Fixtures and Fittings at 5% ; reserve £200 for Income Tax due.

Stock, December 31st, 19—, £8,000.

Section B. Optional Questions

[*Answer Question* 2 *and any* THREE *of the remaining questions.*]

2. Work the following exercise by entering the trans-

actions in the proper Subsidiary Books. Post to Ledger and extract a Trial Balance.

Note.—All receipts and payments, unless otherwise stated, are passed through Bank Account.

The Capital is divided equally.

A. Brown and V. White are Wholesale Coffee Merchants dealing in Brazilian and Indian Coffees, of which separate trading records are kept by means of Columnar Day Books.

The Ledger Balances, January 1st, 19—, are as follows :— Business Premises £3,000 ; Fittings and Fixtures £300 ; Stock—Brazilian £5,000, Indian £2,000 ; Sundry Creditors— Jenkinson & Co. £500, Strauss Bros. £1,000 ; Sundry Debtors—F. Tabico £1,800, J. Fielding £200 ; Bank Overdraft £891 ; Cash in Office £23.

The transactions for January are as follows :—

1927

Jan. 5. Bought on Credit from Jenkinson & Co.
Brazilian £500 ; Indian £300.

7. Consigned to Bourton Frères, Paris
Brazilian £3,000 ; Indian £1,000.

8. Paid duty thereon
Brazilian £150 ; Indian £50.
Paid Shipping charges, &c.
Brazilian £60 ; Indian £20.

11. Received a 30 days' Bill from Bourton Frères against consignment for £1,000.

12. Brown and White *each* paid in £500 new Capital.

12. Paid Jenkinson & Co. £500, and Strauss Bros. £490.
Gave Strauss Bros. a three months' Bill for £500 to settle their Account.

14. Received from F. Tabico cheque £780
Three months' Bill for . . £1,000
Discount allowed . . £20
Discounted Tabico's Bill at Bank, discount charges £10.
Discounted Bourton Frères Bill at Bank, discount charges £15.

Jan. 21. Sold to J. Fielding
Brazilian £2,000 ; Indian £1,500.
25. Received cheque from J. Fielding on Account £1,000.
28. Received Account Sales from Bourton Frères showing that part of the consignment had realized, net
Brazilian £2,000 ; Indian £500,
together with a Sight Draft for £1,000, which was paid to Bank.
31. Paid Wages £100.
Paid Sundry Trade Expenses £50.
Paid in Cash for Office Sundries £13.

3. Answer *either* (*a*) *or* (*b*).

(*a*) A Limited Company issued 20,000 6% Preference Shares of £1 each, and 30,000 Ordinary Shares of £1 each, payable as follows :—

		Preference.	Ordinary.
19—	On Application .	2s. 6d.	5s.
Oct. 14.	On Allotment .	2s. 6d.	5s.
Dec. 14.	On First Call . .		5s.

Applications were received for 32,000 Ordinary Shares and 15,000 Preference Shares.

All moneys due were received and the application moneys overpaid were credited to the proper Allotment Account.

Show the entries in the Ledger, including a Bank Account, to give effect to this issue.

Show the Capital items in the Balance Sheet, December 31st, 19—, assuming the Nominal Capital was £30,000 for each class of Share.

(*b*) On February 1st, 19—, *A* lent *B* £1,000 (by cheque) for which *B* gave to *A*, to cover interest and principal, four Bills as follows :—

No. 1 for two months for £200.
No. 2 for three months for £300.
No. 3 for four months for £400.
No. 4 for five months for £150.

Bills Nos. 1 and 2 were met at maturity.

On May 1st, *A* discounted with his Bank Bills Nos. 3 and 4, the Bank charging £10 as discount.

On June 1st, *A* agreed to take a new three months Bill for £570 in place of Nos. 3 and 4, and he satisfied the Bank's claim against *B*.

Show the entries in *A*'s books.

4. Explain the following terms :—Joint Account ; Interest on Drawings ; Contra Account ; Debenture.

5. Submit a ruling of a Wages Book, and state the type of business concern for which you think it would be suitable.

6. The following errors are discovered after a Trial Balance has been taken out, but before the final Accounts have been prepared. Show by means of Journal entries how you would rectify the errors :—

(*a*) £50 has been posted to debit of A. Brown's Account instead of to A. E. Brown's Account.

(*b*) £500 cost of Machinery has been posted to Purchases Account.

(*c*) £110 has been posted to the debit of Trade Expenses instead of £1 10s.

(*d*) The debit balance of £20 in G. White's Account has been written off to Bad Debts instead of £40 the debit balance of F. White's Account.

(*C.C.W.R.*)